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ORIGINAL

INTERIM REPORT

OF THE

ACTIVITIES

OF THE

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

NINETY-NINTH CONGRESS

FIRST SESSION

1985

JANUARY 1986

Printed for the use of the Committee on Government Operations

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I

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(Note: Congressman Mel Levine resigned from committee Feb. 6, 1985. Congressman John R. McKernan, Jr., resigned from committee Feb. 27, 1985.)

[1] Appointed to committee Feb. 27, 1985 (H. Res. 84).

[2] Resigned from committee June 19, 1985.

[3] Resigned from committee Oct. 10, 1985.

[4] Appointed to committee Oct. 10, 1985 (H. Res. 292).

[5] Appointed to committee Oct. 10, 1985 (H. Res. 292).

[6] Appointed to committee Feb. 27, 1985 (H. Res. 83).

PREFACE

This report follows our committee's long-established practice of publishing yearly its activities report, as an interim report after the first session of each Congress. A separate and final report covering activities during both sessions is published at the end of the Congress and transmitted to the House pursuant to the biennial requirement of House Rule XI, 1(d).

The present report describes fully the committee's jurisdiction and organization, and details our activities as well as projected programs for the second session. I believe it attests to both our considerable accomplishments during 1985 and the high momentum we are carrying into 1986.

JACK BROOKS,
Chairman.

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CONTENTS

Page

Part One. General statement of organization and activities 1
- I. Jurisdiction, authority, powers, and duties 1
- II. Historical background 8
- III. Organization 12
  - A. Subcommittees 12
  - B. Rules of the Committee on Government Operations 13
- IV. Activities, 1st session, 99th Congress 18
  - Summary 18
  - A. Investigative reports 18
  - B. Legislation 20
  - C. Reorganization plans 22
  - D. Committee prints 22
  - E. Committee action on reports of the Comptroller General 22

Part Two. Report of committee activities 24
  - Matters of interest, full committee 24
  - A. General 24
  - B. Automatic data processing 28
  - C. Federal procurement policy 56

I. INVESTIGATIONS

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

Legislation and National Security Subcommittee, Hon. Jack Brooks, Chairman 61
1. "DOD Spare Parts Pricing Abuses at the Naval Air Station, Miramar, California," House Report No. 99-356, November 1, 1985, Twentieth Report by the Committee on Government Operations 61
2. "Identification of Friend or Foe in Air Warfare—A Capability Long Neglected and Urgently Needed," House Report No. 99-354, November 1, 1985, Eighteenth Report by the Committee on Government Operations 62
3. "Air Force Is Spending Over a Billion Dollars in Poorly Tested and Duplicative Radar Jammer Programs," House Report No. 99-355, November 1, 1985, Nineteenth Report by the Committee on Government Operations 62
4. "Costly Failure To Control Government Property Furnished to Defense Contractors Remains Uncorrected," House Report No. 99-139, May 21, 1985, Eighth Report by the Committee on Government Operations 63
5. "Unnecessary Firing of Tactical Missiles Demands DOD's Attention," House Report No. 99-45, April 17, 1985, First Report by the Committee on Government Operations 64
6. "The Impact of the Budget Process on Offices of Inspector General," House Report 99-46, April 17, 1985, Second Report by the Committee on Government Operations 64
7. "The President's Suspension of the Competition in Contracting Act Is an Unprecedented Attack on the Constitution," House Report No. 99-138, May 21, 1985, Seventh Report by the Committee on Government Operations, Together With Separate and Additional Views 65

Government Activities and Transportation Subcommittee, Hon. Cardiss Collins, Chairwoman 67

Page

Government Activities and Transportation Subcommittee, Hon. Cardiss Collins, Chairwoman—Continued

1. "GSA's Multiple Award Schedules," House Report No. 99-49, April 18, 1985, Fifth Report by the Committee on Government Operations, Together With Additional Views 67
2. "National Endowment for the Humanities and the Equal Employment Opportunity Commission," House Report No. 99-56, April 22, 1985, Sixth Report by the Committee on Government Operations, Together With Dissenting, Additional, and Additional Dissenting Views 68
3. "Aviation Security: Are Our Airports Safe?" House Report No. 99-299, October 2, 1985, Sixteenth Report by the Committee on Government Operations 69
4. "FEMA's Purchase of a Radiological Training Package: An Avoidable Disaster," House Report No. 99-367, November 12, 1985, Twenty-third Report by the Committee on Government Operations 69

Government Information, Justice, and Agriculture Subcommittee, Hon. Glenn English, Chairman 69
1. "Regional Information Sharing Systems: Their Place in the National Criminal Justice System," House Report No. 99-216, July 22, 1985, Fifteenth Report by the Committee on Government Operations, Together With Separate Views 70

Intergovernmental Relations and Human Resources Subcommittee, Hon. Ted Weiss, Chairman 71
1. "HHS' Failure To Enforce the Food, Drug, and Cosmetic Act: The Case of Cancer-Causing Color Additives," House Report No. 99-151, June 3, 1985, Eleventh Report by the Committee on Government Operations, Together With Additional Views 71
2. "Human Food Safety and the Regulation of Animal Drugs," House Report No. 99-461, December 31, 1985, Twenty-seventh Report by the Committee on Government Operations, Together With Additional Views 72
3. "The Federal Response to the Homeless Crisis," House Report No. 99-47, April 18, 1985, Third Report by the Committee on Government Operations, Together With Dissenting Views 74
4. "Investigation of Civil Rights Enforcement by the Office for Civil Rights at the Department of Education," House Report No. 99-458, December 30, 1985, Twenty-fourth Report by the Committee on Government Operations, Together With Separate Views 75
5. "Federal and State Roles in Economic Stabilization," House Report No. 99-460, December 31, 1985, Twenty-sixth Report by the Committee on Government Operations, Together With Dissenting Views 76
6. "Opportunities for Self-Sufficiency for Women in Poverty," House Report No. 99-459, December 31, 1985, Twenty-fifth Report by the Committee on Government Operations, Together With Dissenting Views 77

Environment, Energy, and Natural Resources Subcommittee, Hon. Mike Synar, Chairman 78
1. "Strategic Petroleum Reserve: Budget and Policy Implications of the Proposed Moratorium," House Report No. 99-150, May 30, 1985, Tenth Report by the Committee on Government Operations, Together With Additional Views 78
2. "Office of Surface Mining: Beyond Reclamation? House Report No. 99-206, July 17, 1985, Twelfth Report by the Committee on Government Operations 79
3. "Indian Oil and Gas Royalty Payments: Problems Persist," House Report No. 99-214, July 19, 1985, Thirteenth Report by the Committee on Government Operations 81

Commerce, Consumer, and Monetary Affairs Subcommittee, Hon. Doug Barnard, Jr., Chairman 82
1 '"Federal Enforcement of Textile and Apparel Import Quotas," House Report No. 99-305, October 7, 1985, Seventeenth Report by the Committee on Government Operations, Together With Dissenting Views 82
2. "Federal Regulation of Direct Investments by Savings and Loan Associations," House Report No. 99-358, Twenty-first Report by the Committee on Government Operations, Together With Separate Views 84

AVAILABLE

Page

Commerce, Consumer, and Monetary Affairs Subcommittee, Hon. Doug Barnard, Jr., Chairman—Continued
  3. "The Role of the Overseas Private Investment Corporation," House Report No. 99-359, November 5, 1985, Twenty-second Report by the Committee on Government Operations, Together With Additional Views 84
Employment and Housing Subcommittee, Hon. Barney Frank, Chairman 86
  1. "OPM's Questioning of Nonpartisan State Voter Registration Activities Constitutes a Misuse of the Intergovernmental Personnel Act," House Report No. 99-48, April 18, 1985, Fourth Report by the Committee on Government Operations, Together With Additional Views ... 86
  2. "OSHA's Failure To Protect the Health and Safety of Workers at Hazardous Waste Sites," House Report No. 99-410, May 21, 1985, Ninth Report by the Committee on Government Operations 87
  3. "Job Corps Program: Its Benefits Outweigh the Costs," House Report No. 99-215, July 22, 1985, Fourteenth Report by the Committee on Government Operations, Together With Dissenting Views 88

B. OTHER INVESTIGATIONS

Legislation and National Security Subcommittee 89
  1. Review of Department of Education Inspector General Audits of the Bilingual Education Program 89
  2. Review of Recoupment of Nonrecurring Charges Under Foreign Military Sales 89
  3. Assessment of Defective Pricing Reviews at Contractors' Locations 90
  4. Review of Tactical Command, Control, and Communications Systems .. 90
  5. Review of the Air Force Tactical Electronic Combat Jammer Program 90
  6. Review of DOD Spare Parts Pricing Practices 91
  7. Review of Army's Noncompetitive Purchases Under $100,000 91
  8. Review of Current Power Measuring Procedures of the U.S. Army for Their Mobile Electric Power Generators 916
  9. Review of the Adequacy of the Security of U.S. Diplomatic Personnel, Property, and Information at Overseas Posts 91
  10. Review of the Management of the National Flood Insurance Program 92
  11. Review of FEMA's Management of the Individual and Family Grant Program 93
  12. Development and Implementation of the State Department Financial Management System 93
  13. Assessment of AID Offices, Programs, and Operations 94
  14. Review of Travel Policies of Foreign Affairs Agencies 95
  15. Scrutiny of the Administration's Actions To Reduce Questionable Year-End Spending 96
  16. Assessment of the Quality of Audits of Federal Grants Performed by Non-Federal Auditors 96
  17. Review of Audit and Investigative Capability of Federal Agencies Not Subject to Inspector General Legislation 97
  18. Monitoring the Implementation of the Single Audit Act of 1984 97
  19. Review of the Implementation of the Federal Managers' Financial Integrity Act 98
  20. Inquiry Into the Prevalence of Duplicate Payments by the Government 98
  21. Review of U.S. Embassy Contracts With Employee Associations 99
  22. Assessment of the Adequacy of Legal Support for the Inspectors General 100
  23. Review of Employment of Former Government Staff by Government Contractors 100
  24. Review of Federal Emergency Management Agency's "Write-Your-Own" Program 101
  25. Review of State Department Construction Projects in Cairo, Egypt 101
  26. Inquiry Into the Use and Control of Industrial Funds by the DOD 102
  27. Inquiry Into the Impact of the Administration's Implementation of Section 2901 of the Deficit Reduction Act of 1984 on Statutorily Established Offices of Inspector General 102
  28. Evaluation of Proposed Cost Management and Federal Management Improvement Initiatives in the Federal Government 103

Page

Legislation and National Security Subcommittee—Continued

  29. Review of Proposed Budget Cuts for the Statutorily Established Offices of Inspector General 103
  30. Survey of Performance of Security Functions by Statutorily Established Offices of Inspector General 104
  31. Assessment of the Defense Department's Use of Confidential Funds 104
  32. Review of the Use of Dedicated Vehicles by the Executive Branch 104
  33. Inquiry Into DOD's Providing the Names and Addresses of 1.4 Million Service Members to Political Campaign Committee 105
  34. Oversight Hearings on the U.S. General Accounting Office 105
  35. Contract Irregularities and Mismanagement of the Social Security Administration's Systems Modernization Program 107
  36. Our Nation's Nuclear Warning System: Will It Work If We Need It? 108
  37. Review of AID and DOD Contracting With the U.S. Department of Agriculture Graduate School 109
  38. Review of the Implementation of the Prompt Payment Act 109

Government Activities and Transportation Subcommittee 110
  1. The Arts and Artifacts Indemnity Act 110
  2. Assessment of Interstate Commerce Commission Review of Motor Carrier Safety 110
  3. Examination of Enforcement of Insurance Coverage Regulations for Motor Carriers 111
  4. The National Endowment for the Arts and the Office of Private Partnership 112
  5. The Institute of Museum Services 112
  6. Amtrak's Handling of Employee Misconduct 112
  7. Minority Business Participation in Department of Transportation Projects 113
  8. Review of GSA's Asbestos Control Program in Federally Owned or Leased Facilities 113

Government Information, Justice, and Agriculture Subcommittee 114
  1. Electronic Collection and Dissemination of Information by Federal Agencies 114
  2. Does Farm Financing Face Fundamental Change or Current Credit Crisis? 115
  3. Rural Electric Administration Proposals for Rural Telephone Systems 115
  4. Initiatives in Drug Interdiction 116
  5. The Clandestine Manufacture of Illicit Drugs 116
  6. Oversight of the Postal Service Domestic Electronic Mail Program (E-COM) 117
  7. Oversight of the Postal Service Centralized Delivery Program 117
  8. Oversight of Postal Service International Electronic Mail Program (INTELPOST) 118
  9. ZIP+4 After Five Years 118
  10. Counterintelligence and National Security Information 119
  11. America's Farm Crisis 119

Intergovernmental Relations and Human Resources Subcommittee 119
  1. The Federal Response to the AIDS Epidemic 119
  2. Federal and State Roles in Economic Development 120
  3. The Use of Consultative Examinations in the Social Security Disability Programs 121
  4. Computer Matching 122
  5. Review of the Impact of Executive Order 12498 on Agencies Within Subcommittee's Jurisdiction 123
  6. Limits on the Dissemination of Information by the Department of Education 123
  7. Medicare reimbursement 124
  8. National Center on Child Abuse and Neglect 124
  9. NIH Research Funding 124

Environment, Energy, and Natural Resources Subcommittee 125
  1. Review of Long-Term World Oil Outlook; Petroleum Product Imports; and Energy-Related Tax Reform Proposals 125
  2. U.S. Synthetic Fuels Corporation's Proposal To Award the Great Plains Project $820 Million in Additional Federal Financial Assistance 125
  3. Collection of Fees for the Abandoned Mine Land Fund, Surface Mining Control and Reclamation Act of 1977 126

Page

Environment, Energy, and Natural Resources Subcommittee—Continued
    4. Assessment of Progress Towards the Development of an Effective National Groundwater Protection Program 128
    5. Review of the Management of Livestock Grazing on Federal Lands 128
Commerce, Consumer, and Monetary Affairs Subcommittee 131
    1. Federal Regulation of Brokered Deposits in Problem Banks and Savings Institutions 131
    2. The Impact of Faulty and Fraudulent Appraisals on Real Estate Lending by Federally Insured Financial Institutions and on the Mortgage-Related Activities of Other Agencies of the Federal Government 131
    3. Adequacy of the Federal Response to the Failures of Government Securities Dealers 132
    4. Bush Task Group Report on Regulations of Financial Services: Blueprint for Reform 133
    5. Problem of Tax Return Nonfiling by Americans Living Abroad 134
    6. Consumer Product Safety Commission's Response to Hazards of All-Terrain Vehicles (ATV's) 134
    7. Effectiveness of Operations of U.S. District Offices of U.S. and Foreign Commercial Service 135
    8. The Collapse of State-Private Deposit Insurance Systems and the Switch to Federal Deposit Insurance 136
Employment and Housing Subcommittee 136
    1. HUD's Proposed Revisions to the Multifamily Property Dispositions Regulations 136
    2. Administration Proposals To Eliminate Regional Offices at the Labor Department and Other Agencies 137
    3. The Western Executive Seminar Center 138
    4. Oversight of the National Labor Relations Board 139
    5. Update of EEOC Policies on Pay Equity and Title VII Enforcement 139
    6. Delays in Processing and Adjudicating Black Lung Claims 140
    7. HUD's Homeownership Demonstration Program 141
    8. OMB's Proposed Restrictions on Information Collection and Dissemination by Agencies 142
    9. The Impact of Current Trade Policy on American Workers 143
    10. Processing EEO Complaints in the Federal Sector—Problems and Solutions 143
    11. OSHA's Failure To Establish a Farmworker Field Sanitation Standard 144
    12. The Job Training Partnership Act and Farmers 146
    13. Work and Poverty—The Special Problems of the Working Poor 146

II. LEGISLATION

A. NEW MEASURES

Legislation and National Security Subcommittee 147
    1. H.R. 3614, to restrict the use of Government vehicles for transportation of officers and employees of the Federal Government between their residences and places of employment, and for other purposes 147
    2. Balanced Budget and Emergency Deficit Control Act of 1985 147
    3. H.R. 2889, the Computer Security Research and Training Act of 1985 147
    4. H.R. 3168, Consolidated Federal Funds Report Amendments of 1985 148
Government Activities and Transportation Subcommittee 149
    1. H.R. 3291, to revise certain provisions of chapter 57 of Title 5, United States Code, relating to the subsistence allowances of government civilian employees while performing official travel and for other purposes 149
    2. H.R. 2402, to establish the Public Buildings Service in the General Services Administration, and for other purposes 150
Government Information, Justice, and Agriculture Subcommittee 151
    1. H.R. 1349, to reduce the costs of operating Presidential libraries 151

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

Legislation and National Security Subcommittee 152
Government Activities and Transportation Subcommittee 156
Government Information, Justice, and Agriculture Subcommittee 162

Page
Intergovernmental Relations and Human Resources Subcommittee 165
Commerce, Consumer, and Monetary Affairs Subcommittee 165
Employment and Housing Subcommittee 166

III. OTHER CURRENT ACTIVITIES

A. GENERAL ACCOUNTING OFFICE REPORTS

Legislation and National Security Subcommittee 167
Government Activities and Transportation Subcommittee 169
Government Information, Justice, and Agriculture Subcommittee 169
Intergovernmental Relations and Human Resources Subcommittee 170
Environment, Energy, and Natural Resources Subcommittee 170
Commerce, Consumer, and Monetary Affairs Subcommittee 175
Employment and Housing Subcommittee 175

B. OTHER REPORTS OR STATEMENTS

Government Activities and Transportation Subcommittee 175
Government Information, Justice, and Agriculture Subcommittee 178

IV. PRIOR ACTIVITIES OF CURRENT OR CONTINUING INTEREST

Legislation and National Security Subcommittee 180
Government Activities and Transportation Subcommittee 181
Government Information, Justice, and Agriculture Subcommittee 181
Intergovernmental Relations and Human Resources Subcommittee 182
Environment, Energy, and Natural Resources Subcommittee 182
Commerce, Consumer, and Monetary Affairs Subcommittee 184
Employment and Housing Subcommittee 185

V. PROJECTED PROGRAM FOR THE REMAINDER OF THE 99TH CONGRESS

Legislation and National Security Subcommittee 187
Government Activities and Transportation Subcommittee 188
Government Information, Justice, and Agriculture Subcommittee 188
Intergovernmental Relations and Human Resources Subcommittee 189
Environment, Energy, and Natural Resources Subcommittee 190
Commerce, Consumer, and Monetary Affairs Subcommittee 190
Employment and Housing Subcommittee 191

INTERIM REPORT OF THE ACTIVITIES OF THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS, 99TH CONGRESS, 1ST SESSION, 1985

PART ONE. GENERAL STATEMENT OF ORGANIZATION AND ACTIVITIES

I. Jurisdiction, Authority, Powers, and Duties

The Rules of the House of Representatives provide for election by the House, at the commencement of each Congress, of 22 named standing committees, one of which is the Committee on Government Operations.[1] Pursuant to House Resolution 34 and 35 (adopted January 30, 1985) listing members of committees, the membership of the Committee on Government Operations was set at 39.

Rule X sets forth the committee's jurisdiction, functions, and responsibilities as follows:

RULE X

ESTABLISHMENT AND JURISDICTION OF STANDING COMMITTEES

THE COMMITTEES AND THEIR JURISDICTION

1. There shall be in the House the following standing committees, each of which shall have the jurisdiction and related functions assigned to it by this clause and clauses 2, 3, and 4; and all bills, resolutions, and other matters relating to subjects within the jurisdiction of any standing committee as listed in this clause shall (in accordance with and subject to clause 5) be referred to such committees, as follows:

* * * * * * *

(j) COMMITTEE ON GOVERNMENT OPERATIONS

(1) Budget and accounting measures, other than appropriations.

(2) The overall economy and efficiency of Government operations and activities, including Federal procurement.

(3) Reorganizations in the executive branch of the Government.

(4) Intergovernmental relationships between the United States and States and municipalities, and general revenue sharing.

(5) National archives.

In addition to its legislative jurisdiction under the preceding provisions of this paragraph (and its oversight functions under clause 2(b) (1) and (2)), the committee shall have the function of performing the activities and conducting the studies which are provided for in clause 4(c).

---

[1] Rule X.

* * * * * * *

GENERAL OVERSIGHT RESPONSIBILITIES

2. (a) In order to assist the House in—

(1) its analysis, appraisal, and evaluation of (A) the application, administration, execution, and effectiveness of the laws enacted by the Congress, or (B) conditions and circumstances which may indicate the necessity or desirability of enacting new or additional legislation, and

(2) its formulation, consideration, and enactment of such modifications of or changes in those laws, and of such additional legislation, as may be necessary or appropriate,

the various standing committees shall have oversight responsibilities as provided in paragraph (2).

(b)(1) Each standing committee (other than the Committee on Appropriations and the Committee on the Budget) shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee, and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the Congress and whether such programs should be continued, curtailed, or eliminated. In addition, each such committee shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee (whether or not any bill or resolution has been introduced with respect thereto) and shall on a continuing basis undertake future research and forecasting on matters within the jurisdiction of that committee. Each such committee having more than twenty members shall establish an oversight subcommittee, or require its subcommittees, if any, to conduct oversight in the area of their respective jurisdiction, to assist in carrying out its responsibilities under this subparagraph. The establishment of oversight subcommittees shall in no way limit the responsibility of the subcommittees with legislation jurisdiction from carrying out their oversight responsibilities.

(2) The Committee on Government Operations shall review and study, on a continuing basis, the operation of Government activities at all levels with a view to determining their economy and efficiency.

* * * * * * *

(c) At the beginning of each Congress, an appropriate representative of the Committee on Government Operations shall meet with appropriate representatives of each of the other committees of the House to discuss the oversight plans of such committees and to assist in coordinating all of the oversight activities of the House during such Congress. Within 60 days after the Congress convenes, the Committee on Government Operations shall report to the House the results of such meetings and discussions, and any recommendations which it may have to assure the most effective coordination of such activities and otherwise achieve the objectives of this clause.

(d) Each standing committee of the House shall have the function of reviewing and studying on a continuing basis the impact or probable impact of tax policies affecting subjects within its jurisdiction as described in clauses 1 and 3.

* * * * * * *

ADDITIONAL FUNCTIONS OF COMMITTEES

4. * * *

* * * * * * *

(c)(1) The Committee on Government Operations shall have the general function of—

(A) receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the House as it deems necessary or desirable in connection with the subject matter of such reports;

(B) evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government; and

(C) studying intergovernmental relationships between the United States and the States, and municipalities, and between the United States and international organizations of which the United States is a member.

(2) In addition to its duties under subparagraph (1), the Committee on Government Operations may at any time conduct investigations of any matter without regard to the provisions of clause 1, 2, or 3 (or this clause) conferring jurisdiction over such matter upon another standing committee. The committee's findings and recommendations in any such investigation shall be made available to the other standing committee or committees having jurisdiction over the matter involved (and included in the report of any such other committees when required by clause 2(1)(3) of Rule XI).

* * * * * * *

Rule XI provides authority for investigations and studies, as follows:

RULE XI

RULES OF PROCEDURE FOR COMMITTEE

IN GENERAL

1. * * *

* * * * * * *

(b) Each committee is authorized at any time to consider such investigations and studies as it may consider necessary or appropriate in the exercise of its responsibilities under Rule X, and (subject to the adoption of expense resolutions as required by clause 5) to incur expenses (including travel expenses) in connection therewith.

* * * * * * *

(d) Each committee shall submit to the House, not later than January 2 of each odd-numbered year, a report on the activities of that committee under this rule and Rule X during the Congress ending at noon on January 3 of such year.

* * * * * * *

COMMITTEE RULES

* * * * * * *

Power to sit and act; subpoena power

(m)(1) For the purpose of carrying out any of its functions and duties under this rule and Rule X (including any matters referred to it under clause 5 of Rule X), any committee, or any subcommittee thereof, is authorized (subject to subparagraph (2)(A) of this paragraph)—

(A) to sit and act at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, and to hold such hearings, and

(B) to require, by subpoena, or otherwise, the attendance and testimony of such witness and the production of such books, records, correspondence, memorandums, papers, and documents

as it deems necessary. The chairman of the committee, or any member designated by such chairman, may administer oaths to any witness.

(2)(A) A subpoena may be authorized and issued by a committee or subcommittee under subparagraph (1)(B) in the conduct of any investigation or series of investigations or activities, only when authorized by a majority of the members voting, a majority being present. The power to authorize and issue subpoenas under subparagraph (1)(B) may be delegated to the chairman of the committee pursuant to such rules and under such limitations as the committee may prescribe. Authorized subpoenas shall be signed by the chairman of the committee or by any member designated by the committee.

(B) Compliance with any subpoena issued by a committee or subcommittee under subparagraph (1)(B) may be enforced only as authorized or directed by the House.

Use of committee funds for travel

(n)(1) Funds authorized for a committee under clause 5 are for expenses incurred in the committee's activities; however, local currencies owned by the United States shall be made available to the committee and its employees engaged in carrying out their official duties outside the United States, its territories or possessions. No appropriated funds, including those authorized under clause 5, shall be expended for the purpose of defraying expenses of members of the committee or its employees in any country where local currencies are available for this purpose; and the following conditions shall apply with respect to travel outside the United States or its territories or possessions:

(A) No Member or employee of the committee shall receive or expend local currencies for subsistence in any country for any day at a rate in excess of the maximum per diem set forth in applicable Federal law, or if the Member or employee is reimbursed for any expenses for such day, then the lesser of the per diem or the actual, unreimbursed expenses (other than for transportation) incurred by the Member or employee during that day.

(B) Each Member or employee of the committee shall take to the chairman of the committee an itemized report showing the dates each country was visited, the amount of per diem furnished, the cost of transportation furnished, any funds expended for any other official purpose and shall summarize in these categories the total foreign currencies and/or appropriated funds expended. All such individual reports shall be filed no later than sixty days following the completion of travel with the chairman of the committee for use in complying with reporting requirements in applicable Federal law and shall be open for public inspection.

(2) In carrying out the committee's activities outside of the United States in any country where local currencies are unavailable, a member or employee of the committee may not receive reimbursement for expenses (other than for transportation) in excess of the maximum per diem set forth in applicable Federal law, or if the member or employee is reimbursed for any expenses for such day, then the lesser of the per diem or the actual, unreimbursed expenses (other than for transportation) incurred, by the member or employee during any day.

(3) A member or employee of a committee may not receive reimbursement for the cost of any transportation in connection with travel outside of the United States unless the member or employee has actually paid for the transportation.

(4) The restrictions respecting travel outside of the United States set forth in subparagraphs (2) and (3) shall also apply to travel outside of the United States by Members, officers, and employees of the House authorized under clause 8 of Rule I, clause 1(b) of this rule, or any other provision of these Rules of the House of Representatives.

(5) No local currencies owned by the United States may be made available under this paragraph for the use outside of the United States for defraying the expenses of a member of any committee after—

(A) the date of the general election of Members in which the Member has not been elected to the succeeding Congress; or

(B) in the case of a Member who is not a candidate in such general election, the earlier of the date of such general election or the adjournment sine die of the last regular session of the Congress.

The committee also exercises authority under a number of congressional mandates [2]

5 U.S.C. sec. 2954

Information to committees of Congress on request

An executive agency, on request of the Committee on Government Operations of the House of Representatives or of any seven members thereof, or on request of the Committee on Government Operations of the Senate, or any five members thereof, shall submit any information requested of it relating to any matter within the jurisdiction of the committee. (Sept. 6, 1967, Public Law 89-554; 80 Stat. 378, 413.)

18 U.S.C. sec. 1505

Obstruction of proceedings before departments, agencies, and committees

Whoever, with intent to avoid, evade, prevent, or obstruct compliance, in whole or in part, with any civil investigation demand duly and properly made under the Antitrust Civil Process Act, willfully withholds, misrepresents, removes from any place, conceals, covers up, destroys, multilates, alters, or by other means falsifies any documentary material, answers to written interrogatories, or oral testimony, which is the subject of such demand; or attempts to do so or solicits another to do so; or

Whoever corruptly, or by threats or force, or by any threatening letter or communication influences, obstructs, or impedes or endeavors to influence, obstruct, or impede the due and proper administration of the law under which any pending proceeding is being had before any department or agency of the United States, or the due and proper exercise of the power of inquiry under which any inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress—

Shall be fined not more than $5,000 or imprisoned not more than five years, or both.

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[2] For legislation imposing duties specifically on the committee, see, for example, sec. 203(e)(6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(6)(e)), relating to negotiated disposal of Federal surplus property. It requires that explanatory statements be sent "to the appropriate committees of the Congress" in advance of negotiated disposal under that act of all real and personal property (with limited exceptions) whose fair market value exceeds $1,000. The present statutory language stems from a 1958 amendment (Act of July 2, 1958; 72 Stat. 288). In the legislative report on that amendment, the Committee on Government Operations was specifically mentioned as the appropriate committee of the House (H. Rept. 1763, 85th Cong., pp. 3-5). *See* 41 CFR 101-47.304-12(d). Previously, under the original langauge of this provision (sec. 1(i) of the Act of July 12, 1952; 66 Stat. 593), it has likewise been the Government Operations Committee's function to receive such explanatory statements (Cf. H. Rept. No. 982, 83d Cong. p. 2). *See also* sec. 414(a) of the Housing and Urban Development Act of 1969 as amended by the Housing and Urban Development Act of 1970 (Public Law 91-609, Dec. 31, 1970), relating to disposition of surplus land for low- and moderate-income housing. *See also* sec. 304 of the Intergovernmental Cooperation Act of 1968 (Public Law 90-577), under which executive agencies must furnish each year to the Committee on Govenment Operations summary reports of special or technical services provided to local governments. *See also* 2 U.S.C. secs. 191-194, relating to oaths and testimony before a congressional committee.

31 U.S.C. sec. 712

Investigating the use of public money

The Comptroller General shall—

* * * * * * *

(3) analyze expenditures of each executive agency the Comptroller General believes will help Congress decide whether public money has been used and expended economically and efficiently;

(4) make an investigation and report ordered by either House of Congress or a committee of Congress having jurisdiction over revenue, appropriations, or expenditures; and

(5) give a committee of Congress having jurisdiction over revenue, appropriations, or expenditures the help and information the committee requests.

31 U.S.C. sec. 719

Comptroller General reports

* * * * * * *

(e) The Comptroller General shall report on analyses carried out under section 712(3) of this title to the Committees on Governmental Affairs and Appropriations of the Senate, the Committees on Government Operations and Appropriations of the House, and the committees with jurisdiction over legislation related to the operation of each executive agency.[3]

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[3] For other requirements which relate to General Accounting Office reports to Congress and which affect the committee, *see*, secs. 232 and 236 of the Legislative Reorganization Act of 1970 (Public Law 91-510).

II. Historical Background

The committee was initially named the "Committee on Expenditures in the Executive Departments." Its antecedents are summarized in Cannon's Precedents of the House of Representatives, vol. VII, sec. 2041, p. 831 (1935), as follows:

> This committee was created, December 5, 1927, by the consolidation of the eleven Committees on Expenditures in the various Departments of the Government, the earliest of which has been in existence since 1816. As adopted in 1816, the rule did not include the committees for the Departments of Interior, Justice, Agriculture, Commerce, and Labor. The committees for these Departments date, respectively, from 1860, 1874, 1889, 1905 and 1913.

The resolution providing for the adoption of the rules of the 70th Congress discontinued the several committees on expenditures and transferred their functions to the newly created Committee on Expenditures in the Executive Departments:

> On March 17, 1928, the jurisdiction of the committee was further enlarged by the adoption of a resolution, reported from the Committee on Rules, including within its jurisdiction the independent establishments and commissions of the Government.[4]

From 1928 until January 2, 1947, when the Legislative Reorganization Act of 1946 became effective, the committee's jurisdiction was set forth in Rule XI, 34, of the House Rules then in force (H. Doc. 810, 78th Cong., 2d Sess. (1945)), as follows:

POWERS AND DUTIES OF COMMITTEES

* * * * * * *

34. The examination of the accounts and expenditures of the several departments, independent establishments, and commissions of the Government, and the manner of keeping the same; the economy, justness, and correctness of such expenditures; their conformity with appropriation laws; the proper application of public moneys; the security of the Government against unjust and extravagant demands; retrenchment; the enforcement of the payment of moneys due the United States; the economy and accountability of public officers; the abolishment of useless offices, shall all be subjects within the jurisdiction of the Committee on Expenditures in the Executive Departments.

The Legislative Reorganization Act of 1946, section 121(b), as adopted in paragraphs (a), (b), and (c) of Rule XI, 8, of later Rules of the House (XI, 9 in the 93d Congress), provided:

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[4] Examples of the wide-ranging scope of the committee's jurisdiction may be found in Cannon's Precedents, *supra*. VII, secs. 2042-2046 pp. 831-833 (1935).

COMMITTEE ON GOVERNMENT OPERATIONS

(a) Budget and accounting measures, other than appropriations.

(b) Reorganizations in the executive branch of Government.

(c) Such committee shall have the duty of—

(1) receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the House as it deems necessary or desirable in connection with the subject matter of such reports;

(2) studying the operation of Government activities at all levels with a view to determining the economy and efficiency;

(3) evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government;

(4) studying intergovernmental relationships between the United States and the States and municipalities, and between the United States and international organizations of which the United States is a member.

(d) For the purpose of performing such duties the committee, or any subcommittee thereof when authorized by the committee, is authorized to sit, hold hearings, and act at such times and places within the United States, whether or not the House is in session, is in recess, or has adjourned, to require by subpena or otherwise the attendance of such witnesses and the production of such papers, documents, and books, and to take such testimony as it deems necessary. Subpenas may by issued under the signature of the chairman of the committee or of any subcommittee, or by any member designated by any such chairman, and may be served by any person designated by any such chairman or member.[5]

Rule X, 1(h), of later Rules of the House, effective January 3, 1975 (H. Res. 988, 93d Congress), added the additional jurisdiction of general revenue sharing (formerly within the jurisdiction of the Committee on Ways and Means), and the National Archives (formerly within the jurisdiction of the Committee on Post Office and Civil Service).

The 1946 Act contained the following proviso:

> *Provided:* That unless otherwise provided herein, any matter within the jurisdiction of a standing committee prior to January 2, 1947, shall remain subject to the jurisdiction of that committee or of the consolidated committee succeeding to the jurisdiction of that committee.

This proviso was omitted from the Rules of the House adopted January 3, 1954.[6]

Under the Constitution (Art. I, sec. 5, cl. 2), "Each House may determine the Rules of its Proceedings." Omission of the proviso made no substantive change, since the scope of the committee's jurisdiction prior to January 2, 1947, was embraced within the committee's jurisdiction as stated in existing rules and precedents.

The committee's membership, which was fixed at 21 when it was consolidated on December 5, 1927, was increased to 25 when the Legislative Reorganization Act of 1946 became effective on January

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[5] Paragraph (d) was adopted by the House Feb. 10, 1947.

[6] H. Res. 5, 83d Cong. (99 Cong. Rec. 15). *Cf.* rules in H. Doc. 562, 82d Congress, 2d session, p. 328 and in H. Doc. 739, 81st Congress, 2d session, p. 326.

2, 1947. In 1951, the committee's membership was increased to 27.[7] From 1953 until January 1963, the committee's membership remained at 30.[8]

Pursuant to H. Res. 108, 88th Congress, adopted January 17, 1963, the committee was enlarged to 31 members. In the 89th Congress the membership of the committee was increased to 34 through passage of H. Res. 114, January 14, 1965. The committee membership in the 90th and 91st Congresses of 35 was first established by H. Res. 128, 90th Congress, approved January 16, 1967. The committee membership in the 92d Congress of 39 was established by H. Res. 192, approved February 4, 1971. It was raised to 41 by H. Res. 158, adopted January 24, 1973. The committee membership of 42 was established by H. Res. 1238, adopted July 17, 1974. It was increased to 43 by H. Res. 76 and 101, adopted Jan. 20 and 28, 1975. (Note.—It dropped to 42 due to death of Hon. Torbert H. Macdonald.) Membership was maintained at 43 in the 95th Congress by H. Res. 117 and 118, adopted Jan. 19, 1977. The committee membership was set at 39 in the 96th Congress by H. Res. 62 and 63, adopted Jan. 24, 1979. The committee membership was set at 40 in the 97th Congress by H. Res. 44 and 45, adopted Jan. 28, 1981. The committee size was increased to 41 by the adoption of H. Res. 370 of February 24, 1982, appointing Congresswoman Kennelly to the committee. Pursuant to House Res. 26 and 27, adopted Jan. 6, 1983, the committee membership for the 98th Congress was set at 39.

In the 99th Congress, the membership of the committee was set at 39, pursuant to House Res. 34 and 35, adopted January 30, 1985.

Beginning September 28, 1949, the moneys appropriated to the committee were, by House resolution in each session of Congress, available for expenses incurred in conducting studies and investigations authorized under Rule XI, whether made within or without the United States.[9] In the 99th Congress, these matters are covered in paragraph (b) of clause 1 of Rule XI, as set forth above and by clause 5 of Rule XI. The funds for the committee's studies and oversight function during the first session of the 99th Congress were provided by H. Res. 100 adopted March 26, 1985 (H. Rept. 99-21).

The committee's name was changed to "Committee on Government Operations" by House resolution adopted July 3, 1952.[10] The *Congressional Record* indicates the reasons underlying that change in name were, in part, as follows:[11]

> This committee is proposing the indicated change in the present title, in view of the fact that it is misleading and the

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[7] H. Res. 60, 83d Congress, 1st session (97 Cong. Rec. 184).

[8] H. Res. 98, 83d Cong. (99 Cong. Rec. 436); H. Res. 94, 84th Cong. (101 Cong. Rec. 484); H. Res. 89, 85th Cong. (103 Cong. Rec. 412); H. Res. 120, 86th Cong. (105 Cong. Rec. 841); H. Res. 137, 87th Cong. (107 Cong. Rec. 1677).

[9] See items under (1) in footnote 3, of the final calendar of the committee for the 93d Congress (Dec. 31, 1974).

[10] H. Res. 647, 82d Cong. (98 Cong. Rec. 9217). The Senate had made a similar change of name on Mar. 3, 1952, after conferences between the chairman of the House and Senate Committees on Expenditures in the Exectuive Departments to ensure that both Houses would adopt the change in name. S. Res. 280, 82d Cong. (28 Cong. Rec. 1701-1702). *See also* S. Rept. No. 1231, 80th Congress, 2d Session, p. 3 (May 3, 1948).

[11] Letter of Feb. 19, 1952, from the chairman, Senate Committee on Expenditures in the Executive Departments, Senator McCellan to Senator Hayden (98 Cong. Rec. 1702).

committees' functions and duties are generally misunderstood by the public.

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In suggesting the proposed change the committee based its decision on what it considers to be the major or primary function of the committee under the prescribed duties assigned to it to study "the operations of Government activities at all levels with a view to determining its economy and efficiency." It was the unanimous view of the members of the committee that the proposed new title would be more accurate in defining the purposes for which the committee was created and in clearly establishing the major purpose it serves.

III. Organization

A. SUBCOMMITTEES[12]

In order to perform its functions and to carry out its duties as fully and as effectively as possible, the committee under the leadership of its chairman, the Honorable Jack Brooks, of Texas, at the beginning of the 99th Congress, established seven standing subcommittees, which cover the entire field of executive expenditures and operations. The names, chairmen, and members of these subcommittees are as follows:

Legislation and National Security Subcommittee, Jack Brooks, *Chairman*; members: Don Fuqua, Henry A. Waxman, Stephen L. Neal, Tom Lantos, John Conyers, Jr., Frank Horton, Jim Saxton, Joseph J. DioGuardi, and Thomas D. (Tom) DeLay

Government Activities and Transportation Subcommittee, Cardiss Collins, *Chairwoman*; members: Major R. Owens, Tom Lantos, Gerald D. Kleczka, Matthew G. Martinez, Alfred A. (Al) McCandless, Thomas D. (Tom) DeLay, and John E. Grotberg.

Government Information, Justice, and Agriculture Subcommittee, Glenn English, *Chairman*; members: Gerald D. Kleczka, Stephen L. Neal, Robert E. Wise, Jr., Edolphus Towns, John M. Spratt, Jr., Thomas N. Kindness, Jim Lightfoot, Joseph J. DioGuardi, and John R. Miller.

Intergovernmental Relations and Human Resources Subcommittee, Ted Weiss, *Chairman*; members: Sander M. Levin, Ben Erdreich, John Conyers, Jr., Henry A. Waxman, Barbara Boxer, Robert S. Walker, Richard K. Armey, John E. Grotberg, and Patrick L. Swindall.

Environment, Energy, and Natural Resources Subcommittee, Mike Synar, *Chairman*; members: Robert E. Wise, Jr., Barbara Boxer, Joe Kolter, Edolphus Towns, Albert G. Bustamante, William F. Clinger, Jr., Richard K. Armey, John R. Miller, and Beau Boulter.

Commerce, Consumer, and Monetary Affairs Subcommittee, Doug Barnard, Jr., *Chairman*; members: John M. Spratt, Jr., Joe Kolter, Ben Erdreich, Albert G. Bustamante, Larry E. Craig, Patrick L. Swindall, and Jim Saxton.

Employment and Housing Subcommittee, Barney Frank, *Chairman*; members: Sander M. Levin, Major R. Owens, Tom Lantos, Matthew G. Martinez, Howard C. Nielson, Jim Lightfoot, and Beau Boulter.

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[12] The chairman and the ranking minority member of the committee are ex-officio members of all subcommittees on which they do not hold a regular assignment.

B. RULES OF THE COMMITTEE ON GOVERNMENT OPERATIONS

Rule XI, 1(a)(1) of the House of Representatives provides:

> The Rules of the House are the rules of its committees and subcommittees so far as applicable, except that a motion to recess from day to day is a motion of high privilege in committees and subcommittees.

Rule XI, 2(a) of the House of Representatives provides, in part:

> Each standing committee of the House shall adopt written rules governing its procedure.* * *

In accordance with the foregoing, the Committee on Government Operations, on February 6, 1985, adopted the rules of the committee. The rules read as follows:

Rule 1.—Application of Rules

Except where the terms "full committee" and "subcommittee" are specifically referred to, the following rules shall apply to the Committee on Government Operations and its subcommittees as well as to the respective chairmen.

[See House Rule XI, 1.]

Rule 2.—Meetings

The regular meetings of the full committee shall be held on the second Tuesday of each month at 10 a.m., except when Congress has adjourned. The chairman is authorized to dispense with a regular meeting or to change the date thereof, and to call and convene additional meetings, when circumstances warrant. A special meeting of the committee may be requested by members of the committee in accordance with the provisions of House Rule XI, 2(c)(2). Subcommittees shall meet at the call of the subcommittee chairmen. Every member of the committee or the appropriate subcommittee, unless prevented by unusual circumstances, shall be provided with a memorandum at least three calendar days prior to each meeting or hearing explaining (1) the purpose of the meeting or hearing; and (2) the names, titles, background and reasons for appearance of any witnesses. The minority staff shall be responsible for providing the same information on witnesses whom the minority may request.

[See House Rule XI, 2(b).]

Rule 3.—Quorums

A majority of the members of the committee shall constitute a quorum, except that two members shall constitute a quorum for taking testimony and receiving evidence, and one-third of the members shall constitute a quorum for taking any action other than the reporting of a measure or recommendation. Proxies shall not be used to establish a quorum. If the chairman is not present at any meeting of the committee or subcommittee, the ranking member of the majority party on the committee or subcommittee who is present shall preside at that meeting.

[See House Rule XI, 2(h).]

Rule 4.—Committee Reports

Bills and resolutions approved by the committee shall be reported by the chairman in accordance with House Rule XI, 2(l).

Every investigative report shall be approved by a majority vote of the committee at a meeting at which a quorum is present. Supplemental, minority, or additional views may be filed in accordance with House Rule XI, 2(l)(5). The time allowed for filing such views shall be three calendar days (excluding Saturdays, Sundays, and legal holidays) unless the committee agrees to a different time, but agreement on a shorter time shall require the concurrence of each member seeking to file such views. A proposed report shall not be considered in subcommittee or full committee unless the proposed report has been available to the members of such subcommittee or full committee for at least three calendar days (excluding Saturdays, Sundays, and legal holidays) prior to the consideration of such proposed report in subcommittee or full committee. If hearings have been held on the matter reported upon, every reasonable effort shall be made to have such hearings available to the members of the subcommittee or full committee prior to the consideration of the proposed report in such subcommittee or full committee.

Rule 5.—Proxy Votes

A member may vote by proxy on any measure or matter before the committee and on any amendment or motion pertaining thereto. A proxy shall be in writing and be signed by the member granting the proxy; it shall show the date and time of day it was signed and the date for which it is given and the member to whom the proxy is given. Each proxy authorization shall state that the member is absent on official business or is otherwise unable to be present; shall be limited to the date and the specific measure or matter to which it applies; and, unless it states otherwise, shall apply to any amendments or motions pertaining to the measure or matter.

[See House Rule XI, 2(f).]

Rule 6.—Rollcalls

A rollcall of the members may be had upon the request of any member.

[See House Rule XI, 2(e).]

Rule 7.—Record of Committee Actions

The committee staff shall maintain in the committee offices a complete record of committee actions including a record of the rollcall votes taken at committee business meetings. The original records, or true copies thereof, as appropriate, shall be available for public inspection whenever the committee offices are open for public business. The staff shall assure that such original records are preserved with no unauthorized alteration, additions, or defacement.

[See House Rule XI, 2(e).]

Rule 8.—Subcommittees; Referrals

There shall be seven subcommittees with appropriate party ratios which shall have fixed jurisdictions. Bills, resolutions, and other matters shall be referred by the chairman to subcommittees within two weeks for consideration or investigation in accordance with their fixed jurisdictions. Where the subject matter of the referral involves the jurisdiction of more than one subcommittee or does not fall within any previously assigned jurisdiction, the chairman shall refer the matter as he may deem advisable. Bills, resolutions, and other matters referred to subcommittees may be reassigned by the chairman when, in his judgment, the subcommittee is not able to complete its work or cannot reach agreement therein. In a subcommittee having an even number of members, if there is a tie vote with all members voting on any measure, the measure shall be placed on the agenda for full committee consideration as if it had been ordered reported by the subcommittee without recommendation. This provision shall not preclude further action on the measure by the subcommittee.

[See House Rule XI, 1(a)(2).]

Rule 9.—Ex Officio Members

The chairman and the ranking minority member of the committee shall be ex officio members of all subcommittees. They are authorized to vote on subcommittee matters; but, unless they are regular members of the subcommittee, they shall not be counted in determining a subcommittee quorum other than a quorum for the purpose of taking testimomy.

Rule 10.—Staff

Except as otherwise provided by House Rule XI, 5 and 6, the chairman of the full committee shall have the authority to hire and discharge employees of the professional and clerical staff of the full committee and of subcommittees subject to appropriate approval.

Rule 11.—Staff Direction

Except as otherwise provided by House Rule XI, 5 and 6, the staff of the committee shall be subject to the direction of the chairman of the full committee and shall perform such duties as he may assign.

Rule 12.—Hearing Dates and Witnesses

The chairman of the full committee will announce the date, place, and subject matter of all hearings at least one week prior to the commencement of any hearings, unless he determines that there is good cause to begin such hearings at an earlier date. In order that the chairman of the full committee may coordinate the committee facilities and hearing plans, each subcommittee chairman shall notify him of any hearing plans at least two weeks in advance of the date of commencement of hearings, including the date, place, subject matter, and the names of witnesses, willing and unwilling, who would be called to testify, including, to the extent he is advised thereof, witnesses whom the minority members may request. The minority members shall supply the names of witnesses they intend to call to the chairman of the full committee or subcommittee at the earliest possible date. Witnesses appearing before the committee shall, so far as practicable, submit written statements at least 24 hours in advance of their appearance.

[See House Rule XI, 2(g)(3), (g)(4), (j), and (k).]

Rule 13.—Open Meetings

Meetings for the transaction of business and hearings of the committee shall be open to the public or closed in accordance with Rule XI of the House of Representatives.

[See House Rule XI, 2(g) and (k).]

Rule 14.—Five-Minute Rule

The committee member may question a witness only when recognized by the chairman for that purpose. In accordance with House Rule XI, 2(j)(2), each committee member may request up to five minutes to question a witness until each member who so desires has had such opportunity. Until all such requests have been satisfied, the chairman shall, so far as practicable, recognize alternately on the basis of seniority those majority and minority members present at the time the hearing was called to order and others on the basis of their arrival at the hearing. Thereafter, additional time may be extended at the direction of the chairman.

Rule 15.—Investigative Hearings; Procedure

Investigative hearings shall be conducted according to the procedures in House Rule XI, 2(k). All questions put to witnesses before the committee shall be relevant to the subject matter before the committee for consideration, and the chairman shall rule on the relevance of any questions put to the witness.

Rule 16.—Stenographic Record

A stenographic record of all testimony shall be kept of public hearings and shall be made available on such conditions as the chairman may prescribe.

Rule 17.—TV, Radio, and Photographs

When approved by a majority vote, an open meeting or hearing of the committee or a subcommittee may be covered, in whole or in part, by television broadcast, radio broadcast, and still photography, or by any of such methods of coverage, subject to the provisions of House Rule XI, 3. In order to enforce the provisions of said rule or to maintain an acceptable standard of dignity, propriety, and decorum, the chairman may order such alteration, curtailment, or discontinuance of coverage as he determines necessary.

Rule 18.—Additional Duties of Chairman

The chairman of the full committee shall:

(a) Make available to other committees the findings and recommendations resulting from the investigations of the committee or its subcommittees as required by House Rule X, 4(c)(2);

(b) Arrange such meetings, designate participants and submit such reports to the House as may be necessary to carry out the coordination of oversight activities and reporting requirements under House Rule X, 2(c);

(c) Direct such review and studies on the impact or probable impact of tax policies affecting subjects within the committee's jurisdiction as required by House Rule X, 2(d);

(d) Submit to the Committee on the Budget views and estimates required by House Rule X, 4(g), and to file reports with the House as required by the Congressional Budget Act;

(e) Authorize and issue subpenas as provided in House Rule XI, clause 2(m), in the conduct of any investigation or activity or series of investigations or activities within the jurisdiction of the committee; and

(f) Prepare, after consultation with subcommittee chairmen and the minority, a budget for the committee which shall include an adequate budget for the subcommittees to discharge their responsibilities.

IV. Activities, 1st Session, 99th Congress

SUMMARY

1. In the 99th Congress, first session, the committee approved and submitted to the House of Representatives 27 investigative reports and 1 special oversight report. In addition, the committee issued 3 committee prints.

2. In the 99th Congress, 125 bills and resolutions were referred to the committee and were studied. Of these, the committee reported 4. The 4 bills reported actually represent committee consideration of 3 other bills, which are identical or related to the measures reported. Two other bills have been ordered reported. In addition, 6 memorials and 19 petitions were referred to the committee.

3. Pursuant to its duty of studying reports of the Comptroller General, the committee received officially and studied 547 such reports during the 99th Congress, first session. These reports and 360 other executive communications were referred to the committee under clause 2 of the rule XXIV of the House of Representatives.

4. The full committee met 7 days during the 99th Congress, first session, while the subcommittees met a total of 127 days in public hearings and markup.

The significant actions taken by the committee with respect to these and a considerable number of other matters are discussed in detail below.

A. INVESTIGATIVE REPORTS

During the first session, 99th Congress, the Committee on Government Operations approved and submitted to the Congress 27 reports of an investigative nature, and 1 special oversight report. A number of other reports were in preparation and a number of investigations were underway. These will be considered by the subcommittees and the full committee during the second session, 99th Congress.

For convenience, the published reports are listed here with the names of the originating subcommittees. A more detailed discussion of the material will be found in part two below in the breakdown of the committee's activities by subcommittee:

Special report to the House (H. Rept. 99-25): "Oversight Plans of the Committees of the U.S. House of Representatives. A Report by the Committee on Government Operations." (Full Committee.)

First report (H. Rept. 99-45): "Unnecessary Firing of Tactical Missiles Demands DOD's Attention." (Legislation and National Security Subcommittee.)

Second report (H. Rept. 99-46): "The Impact of the Budget Process on Offices of Inspector General." (Legislation and National Security Subcommittee.)

Third report (H. Rept. 99-47): "The Federal Response to the Homeless Crisis."* (Intergrovernmental Relations and Human Resources Subcommittee.)

Fourth report (H. Rept. 99-48): "OPM's Questioning of Nonpartisan State Voter Registration Activities Constitutes a Misuse of the Intergovernmental Personnel Act."* (Employment and Housing Subcommittee.)

Fifth report (H. Rept. 99-49): "GSA's Multiple Award Schedules."* (Government Activities and Transportation Subcommittee.)

Sixth report (H. Rept. 99-56): "National Endowment for the Humanities and the Equal Employment Opportunity Commission."* (Government Activities and Transportation Subcommittee.)

Seventh report (H. Rept. 99-138): "The President's Suspension of the Competition in Contracting Act Is Unconstitutional."* (Legislation and National Security Subcommittee.)

Eighth report (H. Rept. 99-139): "Costly Failure To Control Government Property Furnished to Defense Contractors Remains Uncorrrected." (Legislation and National Security Subcommittee.)

Ninth report (H. Rept. 99-140): "OSHA's Failure To Protect the Health and Safety of Workers at Hazardous Waste Sites." (Employment and Housing Subcommittee.)

Tenth report (H. Rept. 99-150): "Strategic Petroleum Reserve: Budget and Policy Implications of the Proposed Moratorium."* (Environment, Energy, and Natural Resources Subcommittee.)

Eleventh report (H. Rept. 99-151): "HHS' Failure To Enforce the Food, Drug, and Cosmetic Act: The Case of Cancer-Causing Color Additives."* (Intergovernmental Relations and Human Resources Subcommittee.)

Twelfth report (H. Rept. 99-206): "Office of Surface Mining: Beyond Reclamation?" (Environment, Energy, and Natural Resources Subcommittee.)

Thirteenth report (H. Rept. 99-214): "Indian Oil and Gas Royalty Payments: Problems Persist." (Environment, Energy, and Natural Resources Subcommittee.)

Fourteenth report (H. Rept. 99-215): "Job Corps Program: Its Benefits Outweigh the Costs."* (Employment and Housing Subcommittee.)

Fifteenth report (H. Rept. 99-216): "Regional Information Sharing Systems: Their Place in the National Criminal Justice System."* (Government Information, Justice, and Agriculture Subcommittee.)

Sixteenth report (H. Rept. 99-299): "Aviation Security: Are Our Airports Safe?" (Government Activities and Transportation Subcommittee.)

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*Denotes report accompanied by additional, dissenting, minority, separate, or supplemental views.

Seventeenth report (H. Rept. 99-305): "Federal Enforcement of Textile and Apparel Import Quotas."* (Commerce, Consumer, and Monetary Affairs Subcommittee.)

Eighteenth report (H. Rept. 99-354): "Identification of Friend or Foe in Air Warfare—A Capability Long Neglected and Urgently Needed." (Legislation and National Security Subcommittee.)

Nineteenth report (H. Rept. 99-355): "Air Force Is Spending Over a Billion Dollars in Poorly Tested and Duplicative Radar Jammer Program." (Legislation and National Security Subcommittee.)

Twentieth report (H. Rept. 99-356): "DOD Spare Parts Pricing Abuses at the Naval Air Station, Miramar, California." (Legislation and National Security Subcommittee.)

Twenty-first report (H. Rept. 99-358): "Federal Regulation of Direct Investments by Savings and Loan Associations."* (Commerce, Consumer, and Monetary Affairs Subcommittee.)

Twenty-second report (H. Rept. 99-359): "The Role of the Overseas Private Investment Corporation."* (Commerce, Consumer, and Monetary Affairs Subcommittee.)

Twenty-third report (H. Rept. 99-367): "FEMA's Purchase of a Radiological Training Package: An Avoidable Disaster." (Government Activities and Transportation Subcommittee.)

Twenty-fourth report (H. Rept. 99-458): "Investigation of Civil Rights Enforcement by the Office for Civil Rights at the Department of Education."* (Intergovernmental Relations and Human Resources Subcommittee.)

Twenty-fifth report (H. Rept. 99-459): "Opportunities for Self-Sufficiency for Women in Poverty."* (Intergovernmental Relations and Human Resources Subcommittee.)

Twenty-sixth report (H. Rept. 99-460): "Federal and State Roles in Economic Stabilization."* (Intergovernmental Relations and Human Resources Subcommittee.)

Twenty-seventh report (H. Rept. 99-461): "Human Food Safety and the Regulation of Animal Drugs."* (Intergovernmental Relations and Human Resources Subcommittee.)

B. LEGISLATION

The legislative jurisdiction of the Committee on Government Operations covers a wide range of important governmental operations. The committee receives all budget and accounting measures other than appropriations; all measures relating to the overall economy and efficiency of Government operations and activities, including Federal procurement, intergovernmental relationships, general revenue sharing (the latter subject was formerly within the jurisdiction of the Committee on Ways and Means), and the National Archives (formerly within the jurisdiction of the Committee on Post Office and Civil Service); all reorganization plans and bills providing for the establishment of new departments in the executive branch such as the Department of Energy and the Department of Education; and most other reorganization legislation, examples of which are legislation to reorganize the intelligence community, international trade, and regulatory agencies. Other legislation includes debt collection and proposals relating to delinquent payments and paperwork reduction. It also receives legislation dealing with the General Services Administration, including the Federal Property and Administrative Services Act and special bills authorizing the Administrator of General Services to make specific transfers of property, plus legislation dealing with the General Accounting Office, with the Office of Management and Budget, with the Administrative Expenses Act, with the Travel Expenses Act, with the Employment Act of 1946, and with the Javits-Wagner-O'Day Act relating to the sale of products and services of blind and other handicapped persons. In addition, the committee has jurisdiction over the Freedom of Information provisions of the Administrative Procedure Act, the Privacy Act, and the Government in the Sunshine Act, as well as the Inspector General Act.

Rule X, 2(b) of the standing Rules of the House, requires the committee to see and review the administration of all laws in its legislative jurisdiction, and Rule XI, 1(d) requires that the committee report to the House thereon by the end of each Congress. The present report outlines the extent and nature of the committee and subcommittee activities constituting the review.

During the 99th Congress, first session, as noted above, the committee studied 125 bills and resolutions referred to it and reported 4 to the House. The 4 bills reported actually represent committee consideration of 3 other bills identical or related to the measure reported. The reported measures are discussed more fully in Part Two below. However, they are listed here for convenience in the order of approval by the committee and with the name of the subcommittees that initially considered them:

H.R. 1349, to reduce the costs of operating Presidential libraries, and for other purposes (Government Information, Justice, and Agriculture Subcommittee, H. Rept. 99-125).

H.R. 2402, to establish the Public Buildings Service in the General Services Administration, and for other purposes (Amended title: To provide for the review of the administrative organization of the General Services Administration, and for other purposes.) (Government Activities and Transportation Subcommittee, H. Rept. 99-130, Part 2.)

H.R. 3168, to require the Director of the Office of Management and Budget to prepare an annual report consolidating the available data on the geographic distribution of Federal funds, and for other purposes (Legislation and National Security Subcommittee, H. Rept. 99-452).

H.R. 3614, to restrict the use of government vehicles for transportation of officers and employees of the Federal Government between their residences and places of employment, and for other purposes (Legislation and National Security Subcommittee, H. Rept. 99-451).

The following two bills were ordered reported by the committee:

H.R. 2889, to amend the Act establishing the National Bureau of Standards to provide for a computer security research program within such Bureau, and to provide for the training of Federal employees who are involved in the management, operation, and use of automated information processing systems (Legislation and National Security Subcommittee).

H.R. 3291, to revise certain provisions of chapter 57 of title 5, United States Code, relating to the subsistence allowances of Government civilian employees while performing official travel, and for other purposes (Government Activities and Transportation Subcommittee). (S. 1840, identical to H.R. 3291 as ordered reported, passed the Senate and House and became Public Law 99-234.) (Amended title: To amend title 5, United States Code, to revise the authority relating to the payment of subsistence and travel allowances to Government employees for official travel; to prescribe standards for the allowability of the cost of subsistence and travel of contractor personnel under Government contracts; and for other purposes.)

C. REORGANIZATION PLANS

The most recent authority of the President to transmit reorganization plans to Congress was reestablished by Public Law 98-614. Approved November 8, 1984, this authority expired on December 31, 1984. Legislation extending executive reorganization authority was not enacted during the first session of the 99th Congress.

D. COMMITTEE PRINTS

Three committee prints, resulting from work by the committee staff, were issued during the 99th Congress, first session, as follows:

"Rules of the Committee on Government Operations, House of Representatives, Together With Selected Rules of the House of Representatives (Including Clause 2 of House Rule XI) and Selected Statutes of Interest." (Full Committee.) (February 1985.)

"An Update on the Status of Major Federal Statistical Agencies: Fiscal Year 1986. A Report Prepared by Congressional Research Service of the Library of Congress for the Committee on Government Operations." (Full Committee.) (May 1985.)

"Statements Presented at the Hearing on 'The Balanced Budget and Emergency Deficit Control Act of 1985' Before the Legislation and National Security Subcommittee, October 17, 1985, House Committee on Government Operations." (Legislation and National Security Subcommittee.) (October 1985.)

E. COMMITTEE ACTION ON REPORTS OF THE COMPTROLLER GENERAL

Rule X, 4(c)(1)(A), of the rules of the House, imposes the duty upon this committee to receive and examine reports of the Comptroller General referred to it and to make such recommendations to the House as it deems necessary or desirable in connection with the subject matter of the reports.

In discharging this responsibility, each report of the Comptroller General received by the committee is studied and analyzed by the staff and referred to the subcommittee of this committee to which has been assigned general jurisdiction over the subject matter involved.

The committee has received a total of 64 General Accounting Office audit reports to the Congress for processing during the first

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session of the 99th Congress. After preliminary staff study, these reports were referred to subcommittees of this committee as follows:

Legislation and National Security Subcommittee	7
Government Activities and Transportation Subcommittee	2
Government Information, Justice, and Agriculture Subcommittee	11
Intergovernmental Relations and Human Resources Subcommittee	9
Environment, Energy, and Natural Resources Subcommittee	13
Commerce, Consumer, and Monetary Affairs Subcommittee	15
Employment and Housing Subcommittee	7
Total	64

The Comptroller General has made 34 special reports to the committee or its subcommittees that are not included in the above figures.

Furthermore, in implementation of section 236 of the Legislative Reorganization Act of 1970, the committee now regularly receives GAO reports that are not addressed to Congress but contain recommendations to heads of the Federal agencies. These are generally reports to the agency heads. The committee also receives from the agency heads their written statements of actions taken with respect to such recommendations, as required by section 236. The committee received a total of 449 such GAO reports to Federal agencies or other committees and Members within the legislative branch.

Periodic reports are received from the subcommittees on actions taken with respect to individual reports, and monthly reports are made to the chairman as to reports received. During the session, the subcommittees used the reports to further specific investigations and reviews. In most cases, additional information concerning the findings and recommendations of the Comptroller General was requested and received from the administrative agency involved, as well as from the General Accounting Office. More specific information on the actions taken appears in part two, below.

Complete files are maintained by the committee on all Comptroller General's reports received. Detailed records are kept showing the subcommittee to which the report is referred, the date of referral, and the subsequent action taken.

The committee will review all of the Comptroller General's reports received during the Congress in the light of additional information obtained and actions taken by the subcommittees, and determinations will be made whether specific recommendations to the House are necessary or desirable under Rule X.

56-636 O - 86 - 2

PART TWO. REPORT OF COMMITTEE ACTIVITIES

Matters of Interest, Full Committee

Under the direction of the chairman, the staff of the full committee handles a large number of matters alone or in cooperation with subcommittee staffs. The subjects cover legislation, investigation, research, procedures, and administration. There is close coordination between the full committee and subcommittee staffs, including preliminary review of investigative matters and cooperative review of draft committee reports. Among the more significant matters involving special work by the full committee staff are the following:

A. GENERAL

1. Oversight Plans of the Committees of the U.S. House of Representatives.

In adopting the Committee Reform Amendments of 1974, Congress recognized there were shortcomings in what is one of the most important congresional functions—oversight of Federal programs and agencies.

The requirement, first set forth in the Legislative Reorganization Act of 1946 that each standing committee exercise a continuing study and review of the statutes under its jurisdiction, and the executive agencies and departments responsible for administering them, was made far more explicit by the 93d Congress.

In a further effort to strengthen the overall oversight function of the House, it included in the reform amendments a provision now incorporated in clause 2(c) of Rule X, which reads as follows:

> At the beginning of each Congress, an appropriate representative of the Committee on Government Operations shall meet with appropriate representatives of each of the other committees of the House to discuss the oversight plans of such committees and to assist in coordinating all of the oversight activities of the House during such Congress. Within 60 days after the Congress convenes, the Committee on Government Operations shall report to the House the results of such meetings and discussions and any recommendations which it may have to assure the most effective coordination of such activities and otherwise achieve the objectives of this clause.

The committee fulfilled this responsibility and submitted the information that it had compiled to the House as House Report No. 99-25. In its introduction to that report, the committee discussed some of the shortcomings in the oversight process that it had learned of during its consultation with the 22 standing committees of the House and suggested possible solutions to those problems. In addition, the committee discussed several concerns dealing with the report and its relationship to the oversight process. It recommended greater reliance on and coordination among the support offices of the legislative branch to provide research and background material. The committee also questioned whether the report in its current format was duplicative of similar material published by the Committee on House Administration.

2. Views and Estimates for Fiscal Year 1986.

Pursuant to the requirements of section 301 of the Congressional Budget and Impoundment Control Act of 1974, Public Law 93-344, the committee reported to the Committee on the Budget its views and estimates on items in the budget for fiscal year 1986 that relate to matters within the jurisdiction of the committee.

3. Administrative Organization of GSA.

The Public Building Service (PBS) within the General Services Administration is responsible for constructing, leasing, renovating, maintaining, and operating office and related space for Federal agencies. With a staff of over 14,000 and an annual operating budget in excess of $2 billion, the Public Buildings Service is GSA's largest component.

In response to concerns over the effective operation of PBS within GSA's administrative structure, the Committee on Public Works and Transportation reported H.R. 2402. As reported by the Public Works Committee, Section 1 of the bill would have established PBS within GSA as a statutory entity and would have designated as its head a Commissioner of Public Buildings, to be appointed by the President with the advice and consent of the Senate.

Inasmuch as H.R. 2402 affected the organization of the General Services Administration, a matter within the jurisdiction of the committee, Chairman Brooks requested sequential referral of the bill for consideration of Section 1. The Government Activities and Transportation Subcommittee held a hearing on H.R. 2402, on July 9, 1985. On the same day, the subcommittee held a markup session and adopted an amendment in the nature of a substitute to Section 1. The amendment did not provide for the statutory reorganization step specified in the bill as originally reported. Instead, it provides for a review by the Office of Management and Budget of GSA's administrative organization and the submission of a report to Congress within 180 days of the measure's enactment. The amendment requires that the report include resultant findings and any recommendations, legislative or otherwise, necessary to provide for effective and responsive performance of GSA's responsibilities; allocation of major responsibilities among well-defined and functionally coherent divisions of GSA; ensuring accountability to the President, Administrator, and the Congress, and setting appropriate rank and compensation for the Administrator and other high level officers of GSA.

The full committee, by a unanimous voice vote, ordered H.R. 2402, with the amendment to Section 1, reported on July 16, 1985 (H. Rept. 99-130, Pt. 2). No further action took place on H.R. 2402 during the first session of the 99th Congress.

4. Presidential Libraries.

Under existing law, facilities to be used as Presidential libraries are built with private funds and are then donated to the Federal Government. The entire cost of operating such facilities is then covered by an annual appropriation.

As a result of the concern over the escalating cost of Presidential libraries, H.R. 1349 was introduced. The bill would shift the burden of on-going building operations costs of future libraries from the taxpayer to endowment funds required to be provided by the same private parties who build and donate the library buildings. Building operations costs are estimated to equal approximately one half the total cost of operating a library.

H.R. 1349 amends the Presidential Libraries Act of 1955 to require that (1) all future Presidential libraries comply with minimum standards for archival suitability prescribed by the Archivist of the United States; (2) an endowment equal to at least 20 percent of the acquisition cost of the land, building, and equipment shall be donated for deposit in the National Archives Trust Fund for the Presidential libraries of Presidents taking office for the first time after January 20, 1985; (3) endowments be established in the National Archives Trust Fund for each of the existing Presidential libraries and those not subject to the 20-percent endowment requirements in which gifts and bequests, and the proceeds from admission fees and sales shall be deposited and the income to the endowment applied to the building operations costs of the Presidential libraries; and, (4) the income to each endowment be applied to the building operations costs of that particular Presidential library. The bill also clarifies the authority of the Archivist of the United States to solicit, as well as accept and receive, gifts or bequests. Other technical amendments to the Presidential Libraries Act of 1955 are made by the bill.

The bill also provides for a study by the Archivist, in conjunction with other interested agencies, of the desirability and feasibility of establishing, exclusively with non-federal funds, a museum of the Presidents.

A hearing on H.R. 1349 was held by the Government Information, Justice, and Agriculture Subcommittee on March 26, 1985. The subcommittee also relied on hearings on H.R. 3138 during the 98th Congress and action on H.R. 5584, a similar bill, which was reported by the committee during that Congress (H. Rept. 98-856). The committee ordered H.R. 1349 reported, as amended, by voice vote on April 2, 1985 (H. Rept. 99-125). The bill passed the House on June 4, 1985, and it was referred in the Senate to the Governmental Affairs Committee. No further action on H.R. 1349 took place during the first session of the 99th Congress.

5. Restrictions on Use of Government Vehicles.

In 1946, Congress acted to restrict the use of Government vehicles by unauthorized personnel by passage of the Administrative Expenses Act (codified in 1982 as 31 U.S.C. 1344). With limited, specified exceptions, the 1946 Act prohibited home-to-work transportation for executive branch employees in Government vehicles, unless specifically authorized by another statute. Under 31 U.S.C.

1344, only 14 persons are specifically authorized home-to-work transportation. An additional 16 persons are authorized such transportation pursuant to other laws. In response to agency requests for determinations of whether home-to-work transportation could be authorized under certain circumstances, the Comptroller General wrote a series of decisions defining the scope of the 1946 Act. Several reports to Congress, conducted at the request of Chairman Brooks, indicated that the mandate of 31 U.S.C. 1344 was not being followed.

In order to clarify the permissibility of such transportation, Chairman Brooks introduced H.R. 3614 to restrict the use of Government vehicles to a limited number of officers and employees.

Transportation between residence and place of employment will be provided only for those officers and employees in the executive branch whose positions are specifically noted in the law or who are among the 16 discretionary authorizations provided to the President. Procedures are also established which allow an agency head to respond to highly unusual circumstances presenting a clear and present danger, the existence of an emergency, or other similarly compelling operational considerations, any of which may necessitate the temporary authorization of home-to-work transportation for an officer or employee of the Government.

The Legislation and National Security Subcommittee held a meeting on September 19, 1985, on a proposal submitted by the administration to amend 31 U.S.C. 1344. Based on that hearing, a committee print of a bill restricting the use of Government vehicles for home-to-work transportation was prepared and reported by the subcommittee on October 23, 1985, with instructions to the chairman to introduce a clean bill reflecting the actions of the subcommittee. H.R. 3614 was introduced on October 24, 1985, by Chairman Brooks, with Congressmen Horton, Saxton, and DioGuardi as cosponsors. The bill was ordered reported by voice vote by the committee on December 19, 1985 (H. Rept. 99-451). No further action on H.R. 3614 took place during the first session of the 99th Congress.

6. Consolidated Federal Funds Report.

Public Law 97-326 established a Consolidated Federal Funds Report, which details amounts of Federal funds expended in categories such as grants, cooperative agreements, loans, salaries, pensions, procurements, and similar disbursements, on a geographic basis. The CFFR, the successor to a similar report known as the Geographic Distribution of Federal Funds Report, reports Federal expenditures by appropriate summary categories by each state, county, congressional district, and city of any size. It maximizes accuracy by using data on actual transactions and captures approximately 85 percent of Federal disbursements.

Chairman Brooks introduced H.R. 3168, the Consolidated Federal Funds Report Amendments of 1985, on August 1, 1985. H.R. 3168 would codify, with some changes, the provisions of Public Law 97-326. The bill would authorize preparation and publication of the report for fiscal year 1986 to 1990. A hearing on H.R. 3168 was held by the Legislation and National Security Subcommittee on September 19, 1985. The committee ordered the bill reported on October

19, 1985, by unanimous voice vote (H. Rept. 99-452). No further action took place on H.R. 3168 during the first session of the 99th Congress.

7. Budget Reconciliation.

Members of the committee served as House conferees for four subconferences on H.R. 3128, providing for budget reconciliation for fiscal year 1985. The subconferences dealt with provisions on energy conservation-related contracts for Government buildings, Federal Government motor pools and motor vehicle expenditures, civilian multiyear contracting authority, and general revenue sharing. These matters were included in the conference agreement on H.R. 3128. No further action was taken on this bill during the first session of the 99th Congress.

8. Balanced Budget and Emergency Deficit Control.

During the consideration of H.J. Res. 372, providing for an increase in the statutory limit on the national debt, the Senate added an amendment, the "Balanced Budget and Emergency Deficit Control Act of 1985." This provision would establish mandatory limits on annual Federal budget deficits and provide a mechanism for ensuring that those limits are not exceeded. Inasmuch as the Senate amendment affected Federal budget statutes within the jurisdiction of the committee, members of the committee were appointed as conferees on H.J. Res. 372. The work of the members of the committee was incorporated as part of the conference agreement on H.J. Res. 372, which was agreed to by the House and the Senate on December 11, 1985. The bill was approved by the President on December 12, 1985, and became Public Law 99-177.

B. AUTOMATIC DATA PROCESSING

Over 20 years ago, the committee, anticipating the key role that computers would play in the operations of Government, recommended and Congress enacted Public Law 89-306, which established a framework for the central management and procurement of the Government's automatic data processing (ADP) resources. The Act is grounded upon two basic objectives: (1) ADP resources should be procured as economically and efficiently as possible using full and open competition; and (2) only those resources should be procured which are needed and which can assist the management of Government programs. The Department of Defense, as well as other Federal agencies, fall under the provisions of the Act and are required to follow the policies and procedures established by it.

The growth in the expenditures and use of computers far exceeded the levels originally anticipated by the committee. The magnitude of this growth has prompted the committee to monitor closely the administration of the Act. During this session, indepth reviews of approximately 22 major ADP activities were conducted, including several followup reviews of past procurements that were made to ensure that the committee's recommendations were being carried out.

The committee continues to be concerned that Federal agencies have failed to achieve fully the objectives of Public Law 89-306.

The Act, while providing significant benefits, has neither been satisfactorily administered nor effectively implemented to its fullest potential. Notwithstanding, it has opened the Government market more widely to the ADP industry and saved the government billions of dollars. However, the low number of fully competitive ADP procurements, coupled with the apparent inability of the agencies to effectively acquire and use ADP resources, will, if allowed to continue, ultimately result in seriously jeopardizing the effectiveness of Government operations.

1. Major Committee ADP Investigations.

a. Review of the Air Force's Phase IV Programs.—Almost 10 years ago, the Air Force initiated a $5 billion program to replace its existing base-level computer systems at 118 major bases around the world. This program, called Phase IV, was designed to acquire two new computer systems at most locations (229 total) to support the logistics, supply, and various administrative functions of the Air Force.

Based upon a thorough investigation by this committee and the GAO, resulting in extensive hearings, the Secretary of the Air Force, in a letter to the chairman of this committee, projected a savings of $800 million due to the reduction of the number of computer systems acquired for the Phase IV program. Further, as a direct result of using competition in the Phase IV procurement as advocated by the committee, the Air Force was able to obtain additional savings of $335 million. The savings were announced by the Air Force when it awarded the Phase IV contract in January 1983. In addition, in meeting commitments to the committee, the Air Force has adopted a lease/purchase approach for the computer hardware that would save the Government about $690 million. The total life cycle cost savings have been projected by the Air Force to be $1.8 billion.

Notwithstanding these considerable savings, the committee has continued to monitor the progress of this procurement, the largest and most complex ADP procurement in the world. In an agreement between the Air Force Secretary, the GAO, and this committee, it was decided that both the Air Force Audit Agency and the Air Force Inspector General would review the implementation of the Phase IV computer acquisition program.

In November 1984, the Air Force notified the committee that subsequent audits identified serious deficiencies in the implementation of this program resulting in cost overruns and schedule delays. Because of the performance and shortage limitations of the equipment bid by the contractor, the Air Force has been forced to upgrade its equipment. According to the audit agency, the equipment upgrades occurred because the Air Force awarded the contract without first completing a test of the expected workload and because system requirements were inaccurately specified. In March 1985, the Air Force reported to the committee that it had entered into negotiations with the contractor to determine the liability for these deficiencies. Another problem identified by the Air Force Audit Agency was the lack of adequate computer security controls in the Phase IV system. According to the audit agency, these deficiencies are currently being addressed. This committee intends to monitor closely the actions taken by the Air Force to correct the deficiencies uncovered by GAO and the audit agencies.

b. Review of the Social Security Administration's computer operations.—As a result of this committee's request in October 1978, GAO undertook an extensive series of reviews resulting in seven investigative reports being issued by GAO on the operations at SSA. While SSA's computer operations stood as a model of efficiency and economy in the late 1950's and early 1960's, SSA has not kept up with the rapidly advancing technology. Virtually every phase of its operations are suffering from serious deficiencies, including obsolete computer programs, poorly trained personnel and poor computer security.

Evidence was presented during hearings held in September 1981 which clearly showed that the steady deterioration in the operation and management of SSA's computer system resources had reached a crisis point. The computer systems were teetering on the brink of disaster. Any of the several existing weaknesses could easily upset this delicate balance. In the meantime, system performance, reliability, and responsiveness continued to degrade. This was particularly evident in SSA's continuing failure to properly credit $69 billion in earnings to individual accounts. The committee's efforts resulted in more than 250 needless and wasteful procurements being canceled at an estimated savings of $75 million.

Following the 1981 hearings, SSA developed a 5-year plan under the personal direction of then Commissioner John A. Svahn, to modernize its ADP systems at a total cost of $479 million. While this document was touted as a complete blueprint to resolve SSA's computer crisis, the committee reported that the plan was seriously flawed. Little attention was given to the numerous software, management, and personal deficiencies that were acknowledged during the 1981 hearings as being SSA's most serious problems. The plan was essentially just another hardware solution that would, at best, only temporarily delay the continuing deterioration of SSA's computer operations. Because of the longstanding and serious deficiencies in SSA's computer operations, the committee requested the GAO to review the agency's implementation of its half-billion-dollar modernization effort.

During hearings held in November 1985, the GAO reported the results of its investigation to the committee. After an extensive review of the SSA's systems modernization project, the GAO found that the project was seriously behind schedule (about 2 years) and experiencing massive cost overruns (more than $300 million over its original $479 million budget.)

Because the viability of the entire Social Security program is being threatened by inept management and official corruption, the committee is continuing its investigation of SSA's computer activities.

c. Review of the Social Security Administration's data communications contracts with Paradyne Corporation.—In March 1981, the Social Security Administration (SSA) awarded a contract, valued at about $115 million, to the Paradyne Corporation for installation of data communications terminals at SSA's field offices. In July 1982, after receiving information regarding alleged improprieties in the award and administration of this contract, Chairman Brooks asked then Secretary Schweiker to investigate the matter. In response, the Department chose to ignore these allegations and steadfastly maintained that everything was fine. Despite the attitude of the Department and SSA, the committee continued its investigation and in July 1983 requested the GAO to conduct an investigation to determine whether the persistent allegations concerning the Paradyne contract had any merit. Hearings on the subject were held on August 2 and September 13, 1984.

As a result of its investigation, the committee found that the cumulative actions taken by SSA management at key decision points during the Paradyne contract represented one of the worst cases of contract award and administration that the committee has seen. For example, SSA did not take the proper steps to enforce the provisions of the contract during acceptance testing and installation of the Paradyne equipment. When confronted with major and severe performance problems for at least 2½ years after the award, SSA management failed to take any action to protect the Government's interest. To the detriment of the public, SSA management blatantly ignored cries from its own local offices that the Paradyne equipment was seriously disrupting essential services. Finally, SSA virtually abandoned its management responsibilities by leaving it up to the contractor to record and report how well the contractor's own equipment was operating. In effect, SSA relinquished control of the project to the contractor.

The committee also found that the contractor played a large part in the undermining of this project. Paradyne (1) proposed a system that it had not yet developed contrary to Social Security's stated requirement for a commercially available product with proven reliability, (2) in order to pass the pre-award demonstration required by the agency; used the equipment of another company without informing Social Security officials, and (3) provided the agency with equipment that has serious defects that carried over into field office operations. In effect, the company developed a new, unproven product in response to the RFP, and then, after receiving the contract, attempted to make the product work over a period of at least two years after initial installation.

Among other things the committee recommended in its report on SSA (House Report 98-1125, "Improprieties in the Award and Management of the Social Security Administration Contract with Paradyne Corporation," October 2, 1984), that the agency should for the Government's protection commence suspension and debarment actions against Paradyne Corporation.

Although SSA officials continue to maintain a curious loyalty towards the Paradyne Corporation, the Department of Health and Human Services (HHS), after reviewing the facts in the case, took action in March 1985 to suspend Paradyne from obtaining any new business with the Department pending the outcome of debarment proceeding. Since these proceedings are still continuing (almost a year after the committee's recommendation), the committee is concerned that HHS is deliberately dragging its feet resulting in no effective action being taken by HHS to resolve this matter. Also continuing are various civil lawsuits charging the company with misrepresentation. A grand jury investigation into these activities, centered in Tampa, Florida, resulted in the indictment of the company and its top officials on various charges, including bribery, fraud, and obstruction of justice. SSA's project officer in charge of the Paradyne contract was convicted of bribery on a related software contract and is currently serving 4 years in prison. He was also indicted by the Florida grand jury for bribery and obstruction of justice.

After the Department of Health and Human Services (HHS) announced on March 12, 1985, that it was suspending Paradyne Corporation from doing business with the Department and was initiating debarment proceedings against the company, Paradyne asserted that its representations and conduct in connection with the SSA computer procurement were consistent with customary practices in the computer industry. These assertions raised serious concerns about the business practices and ethics of our nation's computer industry. In view of this, Chairman Brooks requested comments on this matter from the General Accounting Office, General Services Administration, Computer and Communications Industry Association, and five representative industry firms. All respondents agreed that Paradyne's assertions were unwarranted and that the actions of the company in this procurement were contrary to industry practices.

This committee plans to continue to monitor closely these ongoing investigations and vigorously pursue all possible actions to correct the contract irregularities that are uncovered by this committee and other investigative organizations.

d. Review of the Social Security Administration's systems engineering and integration contract with Electronic Data Systems/Deloitte Haskins & Sells. —In December 1982, the Social Security Administration (SSA) awarded a consulting services contract, valued at $32 million, to Electronic Data Systems/Deloitte Haskins & Sells (EDS/DH&S) for systems engineering and integration in support of SSA's Systems Modernization Plan. The Systems Integration contract is the cornerstone of SSA's $479 million Systems Modernization Plan. The Plan is currently $300 million over budget and seriously behind schedule. In July 1983, after receiving information regarding alleged improprieties in the award and administration of this contract, Chairman Brooks requested the GAO to conduct an investigation to determine if the allegations concerning the EDS/DH&S contract had any merit. Hearings on the award of this contract were held on November 6, 13, and 20, 1985.

The committee found several SSA and DH&S officials had engaged in improper and possibly criminal behavior resulting in DH&S being granted special consideration not afforded its competitors. Two DH&S partners who worked on or were associated with President Reagan's transition team at SSA were given virtual "carte blanche" access to the agencies computer systems. After the transition, both those partners and later another senior manager stayed on at SSA using offices next to the Commissioner's suite—allegedly to provide "pro bono" services to SSA. During the course of the 2 years between the establishment of the transition team and the award of this contract, these and other DH&S officials were granted access to important SSA computer systems planning meetings, were allowed to interview SSA officials about future systems requirements (sometimes using the Commissioner's suite) and even contributed to the molding of the agency's Systems Modernization Plan. In addition, during this period of time, two sole-source ADP consulting contracts were awarded to DH&S by the Commissioner, a former DH&S employee.

The committee also found that the relationships between key SSA officials and the two partners at DH&S went back more than a decade. During the period between the transition team work and the award of this contract, the two DH&S partners socialized with several key SSA officials including the Commissioner and the source selection official for this contract. On at least 28 occasions, DH&S reimbursed these two partners for meals and other gratuities given to key SSA officials. On one occasion during SSA's evaluation of the proposals for the contract, one of the partners claimed reimbursement for dinner for the source selection official claiming that the purpose of the dinner was "to discuss the [Systems Engineering and Integration] proposal." Following the November 6 hearing, these activities were referred to the Department of Justice for further investigation and possible criminal prosecution for the giving and receiving of illegal gratuities.

This is the second major ADP contract at SSA found to have been undermined by improper and illegal behavior on the part of SSA and contractor officials in just the past 18 months. The first, the Paradyne contract, investigated earlier by the committee, was a $115 million contract for data communications terminals. The former project officer of that contract is now serving a prison sentence for bribery and has recently been indicted by a Florida grand jury for bribery and obstruction of justice in relation to the Paradyne contract. The second, a $7 million software contract, was offered to OAO, Inc. by the SSA official who was at that time serving as project officer and earlier served as chairman of the Technical Evaluation Committee for the Integration Contract. This SSA official later pleaded guilty to bribery charges and is awaiting sentencing.

Prior to the hearings, an attempt was made by a Deloitte Haskins & Sells official to surreptitiously obtain sensitive investigative information from the committee. Deloitte Haskins & Sells has subsequently admitted that one of its employees, allegedly acting on his own, posed as an aide to Congressman Mack of Florida in order to obtain information from the committee regarding its investigation of the award of several contracts to Deloitte Haskins & Sells by SSA. Although the Haskins & Sells employee has resigned, FBI Director Webster reported to the committee that he has initiated an investigation into the matter. According to the Director, a violation of the Federal Impersonation Statute, Title 18, U.S.C. Section 912, may have occurred. Such a violation is a criminal offense punishable by a fine of up to $1,000 or imprisonment of up to 3 years. The FBI investigation is continuing. The committee investigation into the computer activities at the Social Security Administration is also continuing.

e. Review of the Veterans Administrations' (VA) management of its ADP resources.—Over the last few years, the committee has conducted several reviews of VA's use of computer technology in its hospital system. By and large, these reviews have shown that VA's mismanagement and poor planning of computer purchases have greatly undermined its ability to provide up-to-date patient care for veterans. In 1981, the committee found VA's mismanagement of its critical ADP resources had led to (1) delays in veterans receiving benefit payments; (2) the loss of interest on over $2 billion in past due accounts; (3) inadequate patient scheduling resulting in unnecessary patient visits and long waiting times; (4) dispensing duplicate prescriptions that could increase the likelihood of drug overdoses, addiction, and blackmarketing; and (5) inferior health care by increased waiting for laboratory results.

Management instability was a significant factor in VA's problems. For example, in 1981 and 1982, two administrators and two deputy administrators resigned their post, leaving two acting administrators to determine the economic fate and health care of our American veterans. In the aftermath of these resignations, the acting administrators imposed uncertainty and indecision on an already disheveled bureaucracy. Each new administration brought with it a new plan and a new organization, leaving the VA without the stable, central leadership it must have to stop the improper use of its computer information resources. As a result, VA severely neglected the automation requirements of its medical centers and continued to process critical benefit and administrative systems with archaic and deficient software.

Because of the serious and chronic problems that are plaguing VA, the committee has periodically asked the GAO to conduct reviews of VA's management and use of ADP resources. Last year, the GAO looked at the agency's compliance with the Paperwork Reduction Act of 1980 (Public Law 96-511). The GAO found that although VA has organized itself along the lines called for in the Paperwork Act, the agency's senior official does not report to the Administrator as called for by the Act. Without the high-level visibility along with requisite authority and accountability, the committee remains concerned that VA will continue to be unable to acquire and develop the modern state-of-the-art computer systems that are vitally needed to serve the needs of our veterans. The committee intends to continue to monitor the computer activities of the Veterans' Administration.

f. Review of Federal agencies' use of the Small Business Administration's 8(a) program to avoid the competitive procurement process.—During hearings in April 1981 on the Section 8(a) program of the Small Business Administration, it was discovered that the Army was planning to sole-source several hundred million dollars of computer equipment through an 8(a) broker arrangement. Further, the Army not only planned to continue this brokering arrangement, but even to increase its sole-source acquisitions through the 8(a) firm. Because of concern that this procurement added a considerable cost to the Government with little added value, froze out other more competitive firms, and locked the Army into obsolete technology, the committee requested that GAO undertake an investigation into the merits of this procurement.

In August 1983, the GAO reported to this committee that this procurement was, in fact, a brokering arrangement that would result in higher cost to the Government. Further, the 8(a) firm had no previous experience with hardware manufacturing and systems integration. The GAO also disclosed that the Army terminated the contract after GAO began its work, thereby saving over $100 million in expected procurement costs. The Army subsequently conducted a competitive procurement, saving the Government additional millions of dollars.

Over the last year, the committee has become aware of an increasing number of such brokering arrangements again being conducted by Federal agencies. It appears that agency officials are turning to the SBA 8(a) program in order to avoid the competitive procurement process, and award sole-source contracts to favorite contractors. Since the use of competition routinely produces savings of about 30 percent and since such sole-source procurements could violate both the Brooks Act (Public Law 89-306) and the Competition in Contracting Act of 1984 (Public Law 98-369), the committee plans to intensify its investigations into this area during the next session.

g. Review of Department of Defense plans to develop its own military computer systems.—The Department of Defense in 1981 planned to implement a proposed regulation (DOD Instruction 5000.5x) which required that the military departments buy their tactical computers only from vendors who were willing to give the Government full and clear data rights to their architectural designs. Further, only those companies that were approved by DOD would be allowed to compete. Since the use of embedded computers is expected to grow to about $38 billion by 1990 from about $4.1 billion spent in 1982, the effects of a decision to implement the proposed regulation were far-reaching.

Because of the tremendous impact such a regulation would have on DOD and the computer industry, the committee asked GAO to conduct an investigation of the matter. In January 1982, the General Accounting Office reported that the new policy, if implemented, would (1) lock DOD into obsolete technology, (2) severely restrict competition to those companies willing to help DOD implement obsolete technology, and (3) hinder DOD's ability to take advantage of private industry's technical innovation. The GAO recommended that DOD Instruction 5000.5x not be implemented.

DOD rejected this recommendation on the basis of a report prepared by the Defense Science Board task force composed mainly of defense industry representatives. Based upon the findings of this report, DOD aggressively pursued the implementation of the proposed policy. However, the credibility of the task force report was publicly questioned and GAO, in a separate investigation, found that 7 of the 11 task force members had a financial interest in pursuing the policy.

During hearings held by the Legislation and National Security Subcommittee, testimony was received from representatives of almost 2,000 computer and high technology companies who, along with GAO, questioned the wisdom of DOD's action. The evidence presented at the hearings clearly demonstrated that DOD Instruction 5000.5x, if implemented, could have disastrous effects on the present technological advantages which we now enjoy over our adversaries. Not only would the instruction lock DOD into technology that is obsolete, but the policy would ensure that DOD will forever lag behind the technology available in the commercial marketplace. Equally as important is the tremendous cost that is needed to duplicate the advantages already accomplished by the computer industry.

At the recommendation of the Government Operations Committee, the House and the Senate Armed Services Committees directed the DOD not to implement the proposed policy. Notwithstanding the opposition to the proposed instruction by this committee, the House Armed Services Committee, the GAO, and the commercial computer industry, recalcitrant DOD officials continued to press for the adoption of 5000.5x and DOD subsequently delivered to the Congress yet another study showing the supposed advantages of the proposed policy.

However, in June 1984, it was publicly announced that the Army was canceling the Military Computer Family (MCF) project, a major procurement that was to be conducted under the 5000.5x instruction. Subsequently, DOD publicly abandoned its plans to implement this instruction. According to GAO, the cancellation of the MCF project alone has saved the Government $60 million in development costs and $156 million in acquisition costs.

Notwithstanding, it has come to the attention of this committee that each of the military services has plans to initiate large projects based on a so-called standard instruction set architecture. The committee is concerned that although DOD's efforts to implement DOD 5000.5x have been terminated, each of the services may be pursuing similar programs of their own. The committee plans to investigate the activities of the services in this area next year.

h. Review of the Military Defense Science Boards.—During the summer of 1982, the committee held hearings on the above-mentioned proposed Defense Department computer policy (DODI 5000.5x) which, if implemented, would substantially benefit the large defense contractors and exclude the commercial computer industry from the multibillion dollar DOD computer market. During those hearings, it was revealed that a Defense Science Board (DSB) study was manipulated to support DOD's predetermined position on the policy, and that task force members had potential conflicts of interest which biased the study's findings and recommendations. As previously noted, seven of the 11 DSB task force members reviewing the computer policy were found to have at least, a potential conflict of interest.

Subsequently, the committee requested the General Accounting Office (GAO) to undertake a comprehensive review of the operations of the four senior scientific advisory committees within DOD: the Defense Science Board, the Army Science Board, the Air Force Scientific Advisory Board, and the Naval Research Advisory Committee. At the time GAO began its work, DOD's Inspector General (IG) was in the process of reviewing the DSB operations. In an agreement between the committee, GAO, and the IG, it was decided that the IG would continue his work on the DSB and that GAO would concentrate on the military service's advisory groups.

In July 1983, DOD's Inspector General released a comprehensive report of his investigation of the Defense Science Board operations. It disclosed that the Board and 33 of its advisory task forces established between January 1977 and September 1982 suffered from apparent conflict-of-interest problems, favoritism, and nonenforcement of financial disclosure requirements and other ethical standards. The report concluded, therefore, that the objectivity of the DSB's recommendations was open to question.

The Comptroller General's report, issued in September 1983, disclosed similar problems in the services' advisory committee operations. Based on its review of 18 panels, 6 from each service, the GAO concluded that panel objectivity could be better assured by (1) documenting potential conflicts-of-interest determinations when individuals are selected as panel members, (2) documenting the steps followed in selecting panel members, and (3) announcing all meetings in advance and preparing minutes of all meetings. In addition, GAO found that the direct involvement of DOD personnel in panel decisionmaking bears on the independence—hence objectivity—of the services' panels.

In establishing and operating its panels, DOD and the services virtually ignored the requirements and ethical standards embodied in these laws. Task forces established to study specific issues did not follow written policies or procedures. Required statements of financial interests were not always obtained, completed or properly processed, thus precluding effective conflict-of-interest reviews. Methods used to select task force members resulted in a lack of balanced views on many panels. And, all too often, military personnel from the offices affected by panel recommendations had an undue influence in panel decisionmaking or had studies initiated to support their predetermined positions.

These deficiencies have led to numerous instances of bias and favoritism in Defense Science Board and senior military advisory committee operations and raise serious questions regarding their credibility and integrity. If these deficiences are allowed to continue, these scientific advisory boards, will, for all practical purposes, become an arena for the advancement of private interests under the guise of scientific advice. The Pentagon would then be relying solely on the military-industrial complex for advice on how to spend hundreds of billions of dollars. Until DOD recognizes the real dangers created by such questionable relationships, the American taxpayer and the Congress cannot be assured that advisory board findings and recommendations serve the best interest of the country. In the meantime, the credibility of DOD's senior scientific advisory boards has been seriously damaged, perhaps irrevocably. The committee plans to continue its efforts to monitor the activities of these advisory boards during the next session of Congress.

i. Review of the Navy's Inventory Control Points Resolicitation Projects—In March 1977, the Navy initiated a project to replace the ADP equipment located at its Inventory Control Points (ICP's) at the Ships Parts Control Center in Mechanicsburg, Pennsylvania, and at the Aviation Supply Office in Philadelphia. The project, called ICP Resolicitation, was based on an acquisition strategy that is intended to satisfy the following key objectives: (1) extended system life, (2) continuous technology refreshment, and (3) contract flexibility. Its total life cycle costs are estimated to approach $2 billion over a 24-year period.

Because of concerns over the manner in which the Navy was managing this procurement, the committee requested that the General Services Administration (GSA) conduct an extensive review of the project. Primary among the committee's concerns were that (1) only one vendor entered into the final round of contract negotiations, (2) the contract being negotiated included provisions for periodic sole-source upgrades throughout the system's life, and (3) the Navy's strategy of transporting functionally obsolete applications software to new equipment postpones sorely needed operational improvements, offsets the advantages inherent in state-of-the-art hardware, and guarantees the need for the previously mentioned sole-source upgrades. Unless corrected, these deficiencies would result in excessive costs to the Government and could prohibit the acquisition of innovative and cost effective capabilities in the future.

GSA's review concluded that program amendments were needed to provide more competition and to help ensure that a quality new system results. In accordance with the conclusion, GSA, on February 13, 1984, amended its original Delegation of Procurement Authority (DPA) to impose additional conditions that would enable it to better monitor the project's progress. These conditions required the Navy to (1) provide a policy statement indicating the software portability is a major goal for the new ICP in order that a more competitive posture would prevail at the end of the initial 8-year contract period, (2) establish an External Review Board to assess whether the project objectives are being met and to identify problems and direct solutions as may be necessary, and (3) provide a Transition Plan, a Portability Plan, and a Resystemization Plan through which the External Review Board can monitor the program's progress over the initial 8-year system life.

According to GSA, the External Review Board has been meeting several times a year to monitor the progress of the ICP project. The Board is chaired by the Secretary of the Navy and is composed of high level officials from IRS, DOD, GSA, and SSA. GSA reports that the project is on schedule and is currently meeting its commitments to the committee, particularly the development of portable software for the ICP project. The committee intends to closely monitor the progress of this project during the next session. Further, according to the GAO, because of the committee's early involvement in this procurement, the Navy was able to obtain a 27-percent discount from the contractor. This resulted in savings of about $96 million.

j. Review of improper uses of computers.—Over the last several years, the committee has been disturbed by the increasing use of scarce computing resources for inappropriate, even illegal, purposes by Government officials, particularly within the Defense Department. Examples of such abuses that the committee has uncovered in the past include:

(1) The Navy's computerized political rating system:

In July 1982, it was publicly disclosed that officials in the Department of the Navy had developed a computerized rating system based on a selective voting record of Members of Congress to identify "friends and enemies" of the Navy. While Members of Congress are often publicly rated by special interest groups, this was the first time that an executive department of the Government had established an official system to grade individual Members on conformance to departmental policy. Upon public disclosure of the rating system, the Secretary of the Navy, John Lehman, directed that its use be discontinued. The Chief of the Office of Legislative Affairs, Admiral Bruce Newell, subsequently directed that any material relating to the index be destroyed.

The Secretary of the Navy told the GAO that the "issue of the Navy developing ratings on Members of Congress based on their voting record is not a matter of impropriety, but it was just not good common sense." The committee agrees with the Secretary that it is not good common sense, but disagrees strongly that it is not improper. The compiling of such ratings is properly done by those who want to exert political influence or even alter the political makeup of the U.S. Congress. Such ratings are normally assigned by special interest groups and are part of the political process in this country by which elected officials are held accountable for their votes on specific issues. However, the Navy is not a special interest group formed to influence the political process. It is a Government agency created by Congress to carry out national policy.

The development of any political rating system in which bureaucrats and military officials on the Government payroll grade elected representatives is inappropriate and totally unacceptable. Creation and acceptance of this activity on the part of high-ranking officials in the Department demonstrate an arrogant disregard for the respective roles that Congress and the Department of the Navy play in the context of the entire Government.

(2) DOD-Lockheed lobbying effect:

Because of public allegations that the DOD was using its computer resources to mount a massive lobbying campaign against Congress on the C-5B procurement decision pending before the Congress, the committee requested the GAO to investigate the matter. After a thorough and comprehensive review, the GAO reported back to the committee that an extensive and cooperative effort was made by officials of the Air Force, the Office of the Secretary of Defense (OSD), the Lockheed Corporation, and several other Defense contractors and subcontractors during the period May 14, 1982, through July 22, 1982, to influence Members of the House of Representatives, and later the House and Senate conferees, on the proposed $10 billion procurement of the C-5B aircraft. GAO also found that this effort was initiated and directed by officials of the Department of Defense and that substantial, but undeterminable, amounts of appropriated funds and Government resources were spent for the purpose of influencing this procurement appropriation authorization measure which was pending before the Congress.

Certain actions taken by Air Force and OSD officials to influence the Congress through the use of contractors were improper and violated the Federal Appropriations Act restrictions which prohibit the use of appropriated funds for publicity and propaganda purposes designed to influence legislation pending before the Congress. Also, the Defense Department may have exceeded the limitation on the funds it can spend on legislative liaison activities contained in the Defense Appropriation Act of 1982.

Further, the GAO found that the computerized recordkeeping system used to manage and coordinate these lobbying efforts was developed and operated by Lockheed personnel. The computer equipment and software used were owned or leased by Lockheed. The primary computer equipment was located in a Government-owned facility operated by Lockheed in Marietta, Georgia. The data base and all backup files were erased by Lockheed personnel between June 17 and June 23, 1982, at the direction of the president of Lockheed—immediately prior to the initiation of the GAO investigation. Subsequent to the committee's suggestion, DOD issued new regulations that placed added restraints on the lobbying activities within DOD.

Clearly, the benefits of computer technology can be tremendous in terms of increased efficiency and cost savings in implementing essential Government programs. No other technology exists that can both vastly improve services to the public while at the same time reduce the burdens of the taxpayer. Notwithstanding, the potential for abuse is also very large. Unethical Government officials bent on pursuing their own self interests can misuse this technology to the detriment of our citizens. The aforementioned examples may only be the tip of the iceberg. This committee will continue its vigilance to ensure the technology is properly used, not abused.

k. Review of secret recording of conversations by Federal agencies on the Federal Telecommunications System.—In December 1983, it was publicly disclosed that the Director of the United States Information Agency (USIA), Charles Z. Wick, was secretly recording his telephone calls. Mr. Wick began this activity upon taking office at USIA in June 1981, and continued this practice until shortly before his actions were publicly revealed. Mr. Wick has steadfastly maintained that the recording of private conversations was not a malicious attempt on his part to harm others, but was only a device that he used to extend his memory.

Subsequent investigations into the matter by the General Services Administration (GSA), the House Committee on Foreign Affairs, and the Senate Committee on Foreign Relations showed that the USIA Director extensively recorded his telephone conversations without the consent of the other parties involved. According to a report by the House Foreign Affairs Committee staff, at least 50 percent of Mr. Wick's office calls may have been recorded either stenographically or on tape. Once recorded, the transcripts of the conversations were circulated within the Director's office. Those individuals that have been publicly named as being secretly taped include high-level White House and other Government officials, prominent members of the news media, personal friends, and Members of Congress.

While the recording of private telephone conversations does not violate any Federal statute, it is contrary to Federal regulations which were issued by the General Services Administration (GSA) in March 1981. These regulations specifically prohibit the recording of or listening-in upon conversations unless agreed to by all parties to the conversation or unless it is permitted by a defined exception. Exceptions are provided for purposes of law enforcement, counterintelligence, and public safety. GSA's regulations also allow such activity when performed by a handicapped employee in the course of his official duties, or for the performance of service monitoring. Agencies are required to justify to GSA their recording or monitoring of telephone conversations. Further, the agencies have to establish a program to reevaluate every 2 years the need for such activity.

Because of concerns about the secret telephone recording activities of USIA and the possibility that other Government agencies might be ignoring the GSA regulations, the committee initiated, in January 1984, a Governmentwide investigation to determine the extent of such recording and whether Federal agencies had implemented the GSA regulations prohibiting this activity. The committee requested 72 agencies to forward to the committee within 15 days the agency instructions for implementing GSA's regulations and the documentation required to be maintained by each agency in accordance with the regulations, including written justification for recording conversations.

An evaluation of the responses from these agencies revealed a lack of awareness by Government officials as to their responsibilities in this area. For instance, only 14 of 72 agencies surveyed had bothered to implement fully GSA's regulations. Further, only about one-half had issued any sort of policy guidance in this area. Several agencies, however, did take steps to issue such guidance after the committee's inquiry into this matter. Despite the fact that these regulations had been in effect for almost 4 years, it is clear that they have been essentially ignored by Federal officials, including Mr. Wick. At the Legislation and National Security Subcommittee hearing, Mr. Wick said, "The GSA regulations were indicated to be preferred management practices and carried no sanctions, and on that basis, I frankly did not regard them as a legal constraint. . . ."

As a result of the committee's investigation, Chairman Brooks introduced legislation (H.R. 4620) that would prohibit this activity. Under the bill, those Federal officials and employees who violated its provisions would be liable for civil and criminal penalties. Unfortunately, the legislation, which was opposed by the Justice Department and other agencies, was not acted upon by the 98th Congress. Notwithstanding, the committee believes that legislation is needed to ensure that Federal officers and employees do not resort to the abusive practice of secretly recording their telephone conversations. Such legislation should provide the necessary exemptions for those legitimate activities that are fully justified and/or authorized by current law.

In the committee's view, there is a clear distinction between recording conversations for law enforcement and other established purposes and the recording of conversations by Federal officials for their own use—whatever the motivation may be. The latter type of activity by Government employees is improper and cannot be condoned. Unless prior consent is given, secret recording destroys the confidentiality implicit in any private conversation and, subsequently, has a chilling effect on the free and open exchange of information on which this Government is based. In this regard, the public has every right to expect its Government officials to act with integrity.

Because of these concerns, proposed legislation (H.R. 502) was again introduced to prohibit the secret recording of conversations by Federal employees. The committee intends to pursue the adoption of this legislation during the next session.

l. Review of information management activities at selected agencies.—The use of information technology is increasing at a rapid rate throughout our Government and many agencies are now wholly dependent upon its use. Such technology is essential to efficient and effective government. The committee believes that many agencies are not benefiting from its use or properly adapting it to their programs. During these times of scarce economic resources and competing interests, it is essential that the Government streamline its operations to achieve needed economies.

Because of these concerns, the committee requested the GAO to undertake a broad review of the information management activities of selected agencies to identify where information technology can be of benefit to those agencies in terms of economy and efficiency. The committee believes that GAO is in a unique position to constructively identify new uses of the technology, especially in areas of decreasing the paperwork burden and improving services to our citizens. Since the implementation of the Paperwork Reduction Act of 1980 has had a considerable impact on the way agencies manage and use information technology, the committee expects that the results of GAO's continuing work in identifying new uses of information technology will be a model for increasing economy and efficiency within the Government.

In past information activity reviews, the GAO reported to the committee that the Air Force was spending millions of dollars to collect, process, and disseminate maintenance data. However, the procedures used by the Air Force to accomplish this function were costly, paperwork-intensive, and generally ineffective in providing complete, accurate, timely, and useful information to the Air Force and DOD decisionmakers. The GAO made recommendations to the Secretary of Defense and the Air Force Secretary which should improve maintenance information activities. This should result in more accurate, timely, and useful information while eliminating duplicate system development efforts and preventing the acquisition of unnecessary computer equipment.

In another review, GAO investigated four data collection activities as case studies to determine the potential benefits associated with information technology. In addition, GAO assessed OMB's policies and procedures in this area. GAO found that increased use of information technology would reduce the Federal paperwork burden and improve the efficiency of the data collection activities reviewed. While the extent of the potential benefits varied on a case-by-case basis, opportunities exist in all of the reviewed cases for better use of information technology. While actions have been taken by Federal managers to realize these benefits, more could be done.

GAO's analysis of four selected reporting requirements also disclosed clear examples of situations where information technology could be used to make data submissions more timely and less costly for both the Government and respondent. For example, of the 45 million Medicare bills submitted by health care institutions to insurance companies (called intermediaries) under contract with Health Care Financing Administration, only about 7.3 million are submitted in automated form. At only nine intermediaries, GAO found that the number of automated claims could be increased by about 4 million. GAO calculates that the Health Care Financing Administration could save at least $1.3 million by automating these claims.

In another case study, only 600,000 of the approximately 10 million Shipper's Export Declaration reports submitted to the Bureau of the Census were received in automated form. GAO found examples where the respondents preferred to submit automated data but could not get sufficient information from Census on what to do to make the change. After contacting just 33 of over 62,000 respondents, GAO found that Census could almost double its volume of automated submissions and save over $183,000. Further, GAO's review of the Commodity Futures Trading Commission and the Food and Drug Administration also identified potential improvements through better use of information technology.

The committee is encouraged by GAO's work and anticipates more such reviews will continue. The potential for significant savings throughout the Government is considerable.

m. Review of the Government's procurement of teleprocessing services.—The procurement practices of the military services have led to situations where the Government pays excessive costs for its teleprocessing services. With the assistance of the GAO, the committee reviewed three teleprocessing contracts. The committee found that in one case the Army was paying 14 times what it originally expected to pay—$120 million vs. $8.5 million, and in another case the Navy was paying 25 times what it originally expected to pay—$13 million vs. $524,000. Both cases involved teleprocessing for recruiting systems. In the final case involving the Air Force's Copper Impact system, GAO was unable to determine the exact cost increase, but reported that the Government could expect to pay substantial additional monies beyond the original estimate.

At the recommendation of the committee, the Secretary of Defense directed that the Army and Navy contracts be recompeted. According to the GAO, the recompetition resulted in savings to the Government of about $126 million over the approximate 5-year life of the contracts. While the Air Force refused to recompete its contract, it did implement needed management reforms to ensure that such cost overruns do not recur.

After the committee became aware of the huge cost overruns on the Army and Navy Recruiting systems and the Air Force's Copper Impact project, the chairman requested the GAO to determine if the problem of cost overruns exists on a Governmentwide basis. After a thorough and comprehensive investigation, the GAO found that such cost overruns are a common occurrence in teleprocessing services contracts.

The GAO found cost overruns in 11 of the 17 competitive contracts reviewed. Although 11 contracts were awarded for a total of $36.1 million, the GAO projected that the actual cost to the Government would be over $165.8 million. Cost overruns in selected sole-source contracts were not measurable, particularly since they are usually renegotiated every year. The GAO found that agencies underestimate costs for teleprocessing services for two reasons: (1) unrepresentative benchmark tests, and (2) unbalanced pricing. Besides the recommendations made by the GAO to remedy this problem, agency awareness of the causes of teleprocessing cost overruns must be greatly increased. While much has been done, the committee intends to increase its efforts in this area.

n. Review of Government's use of telecommunications services and equipment.—Several years ago, the committee undertook an extensive investigation into the acquisition and use of telecommunications throughout the Government. While estimates at that time indicated that 5 to 10 percent of the Federal budget was expended on this technology, there were no specific figures available showing how much and where this money was being spent. Part of this continuing problem lies in the complexity and difficulty in defining telecommunications. In an age of advancing technology, the interface between telecommunications and information processing has become increasingly blurred Hybrid systems and "enhanced" services now offer a mixture of technologies that reach far beyond the basic telephone or the stand-alone computer. Notwithstanding, the committee believed that it was essential that Congress and the public have a full understanding of the magnitude of this investment. This is particularly critical as the Congress continues to consider legislation that may impact substantially on this area. As part of this investigation, the committee requested the senior officials appointed under the Paperwork Reduction Act to provide to the committee information regarding the expenditures made for communications by the senior official's agency. The GAO was subsequently asked to validate and compile the statistics provided to the committee by the Federal agencies.

The GAO reported the results of its work to the committee early last year. Although the GAO estimated that the Government's total expenditures for telecommunications services and equipment exceeded $10 billion for fiscal year 1981, the information used by GAO for its estimate was incomplete. Further, the information provided to the committee regarding communications expenditures was also incomplete and, in many cases, inaccurate. As a result, the GAO stated that "in effect, no one inside or outside of the Government really knows how much the Government actually spends for telecommunications services and equipment."

The committee is dismayed at the lack of the most basic cost data in most Government agencies. Obviously those agencies which have no idea of how much or where appropriated monies are spent on communications also will have no idea what their communications needs are. Given the significant sums expended in this area by the Federal Government, it is imperative that agencies begin to plan systematically for their communications needs for the next decade. Otherwise, the Government will continue to waste millions of dollars on unneeded, inefficient, and even duplicate services. The committee intends to pursue possible remedies to this situation.

o. Review of OMB's telecommunications initiative.—After becoming aware of the initiative within OMB that could result in the eventual breakup of the Federal Telecommunications System

(FTS), the committee requested the GAO to thoroughly evaluate OMB's actions. According to the GAO, the OMB was in the process of proposing new procedures that would allow individual agencies to acquire long distance telecommunications service independently instead of using the centralized Federal Telecommunications System.

The Federal Telecommunications Fund was authorized by Public Law 87-847, approved October 23, 1962. It finances, on a reimbursable basis, a telecommunications system for the Federal Government. Expenses payable from the Fund include personal services, procurement by lease or purchase of equipment and operating facilities (including cryptographic devices), and other costs necessary to operate the system. These expenses are reimbursed from available appropriations and funds of any agency or organization for telecommunications services and facilities made available to them. The initial capital of $9 million appropriated in 1963, was increased by $20 million appropriated in 1977, $5 million appropriated in 1980, and $2.5 million appropriated in 1981. This capital may be increased by donation of supplies and equipment.

In 1981, GSA achieved budget savings of $223 million through the use of the Federal Telecommunications Fund. Further, despite the significant tariff increases over the last several years, in 1982 GSA was able to obtain savings of $118 million. By 1984, the General Services Administration estimated accrued savings to the Government of $162 million.

GAO expressed serious concerns that OMB had not sufficiently considered (1) the costs and benefits of the current FTS system compared to a decentralized system, (2) the initiative's effect on the proposed consolidation of the FTS and the ADP fund that was pending before Congress this year, and (3) the national security and staffing implications of a decentralized system. Further, the GAO believes that OMB is not placing enough emphasis on the Governmentwide implications of its actions and the procurementwide issues arising from the new telecommunications environment. According to GAO, OMB's lack of attention to Governmentwide issues could lead to decisions that are not cost beneficial and that weaken the Government's ability to respond to national emergencies.

Given the significant savings that have been achieved in the past in the operation of the Federal Telecommunications System, the committee believes that OMB is shortsighted in its apparent desire to break up FTS. In fact, substantial additional savings could be obtained by taking advantage of the many opportunities available as a result of the AT&T deregulations. Until OMB decides to fulfill its telecommunications responsibilities under the Paperwork Reduction Act, the Government will continue to pay substantially more for its telecommunications services than it should be paying. The committee intends to vigorously review OMB's implementation of the Paperwork Reduction Act during the next Congress.

p. Review of Air Force activities concerned with developing and acquiring a dedicated shuttle operations control facility.—As a result of a committee request in June 1982, GAO undertook a review of DOD's justification and acquisition approach for a separate Shuttle Operations and Planning Complex (SOPC) to be constructed in Colorado Springs, Colorado. This complex, which is to be a major component of the Air Force's $1.4 billion Consolidated Space Operations Center, is intended to duplicate the shuttle mission control capabilities currently in operation at NASA's Johnson Space Flight Center. As part of its review, GAO also made an assessment of the extent that the military's requirements in space are adversely impacting NASA's civilian mission.

According to GAO, justification for a separate military shuttle control complex is based on the claim that Johnson Space Center is vulnerable to environmental and human threats. The GAO questioned this justification on the basis that the Center has not been seriously affected by an envionmental threat and actions are being taken to provide adequate physical security. In addition, NASA officials advised the Defense Department to go slowly in its drive for separate facilities because NASA plans to modernize its systems and enhance the capability to provide primary and backup shuttle control in case of serious incident. In this regard, GAO cited the risk of wholesale obsolescence of a new DOD facility by the time it becomes operational if the Air Force's current computer system implementation plans are carried out. This could result in the waste of billions of dollars.

The committee understands that as a result of the escalating costs associated with this program, the Air Force has had to significantly reduce the capabilities originally planned for the Consolidated Space Operations Center. Because of this, the committee plans to initiate a followup GAO review of this program in the near future.

In a related issue, GAO's investigation indicated that NASA has been forced into a major supporting role for DOD while at the same time having to significantly scale back its civilian initiatives. GAO concluded that this trend toward more extensive agency integration can only mean continued difficulty in maintaining a strong civilian program focus. In the meantime, DOD's space budget has been rapidly increasing to the point it now exceeds total budget by about $2 billion a year. Under this arrangement, DOD has the best of both worlds. While forcing NASA to place priority on military space requirements, DOD is expending billions on its own space program. In view of these massive expenditures, the committee remains deeply concerned over the viability of our Nation's space program.

q. Review of the U.S. Patent and Trademark Office (PTO) automation program.—A 1978 committee investigation revealed that the PTO had failed in its attempts to apply modern technology to its operations and, as a result, serious technical and operating problems were plaguing the agency. Subsequent to that investigation, the Congress directed the PTO to undertake a 2-year planning effort to identify and, if necessary, develop computerized data and retrieval systems which could be applied to all aspects of the Office's operations. In response, PTO provided the Congress with an Automation Master Plan in December 1982.

In accordance with that plan, the PTO has initiated an 8-year project, estimated to cost over $300 million, which is intended to increase greatly the effectiveness and efficiency of its operations through full automation. The first phase of the project, involving the development and implementation of a computerized trademark search system, is currently nearing completion.

Because of concerns over both the manner in which this phase was undertaken and the effects of the resultant system's limitations on the future use of trademark data, the committee requested that the General Accounting Office (GAO) conduct a comprehensive review of the project.

As a result of this review, GAO found that mismanagement by the Patent and Trademark Office had jeopardized this critical automation project. Specifically, GAO found that PTO had (1) failed to identify the basic needs of the users of the system; (2) accepted terminal equipment that did not meet their requirements and replaced that equipment with other deficient equipment; (3) improperly used exchange agreements to circumvent Federal procurement regulations; (4) negotiated terms to the exchange agreements that restricted PTO's control over its own resources, restricted public access to trademark information, and resulted in high fees being charged to the public; and (5) accepted an automated search system without fully testing it, resulting in a system that was no better than the manual systems it replaced.

Based on the results of GAO's work, the committee worked closely with the House Judiciary Committee to incorporate language in the PTO's 1986 authorization bill aimed at correcting PTO's automation problems. The language would restrict the use of user fees to fund PTO's automation projects and provide for increased oversight of PTO's computer activities in the future. The amended bill was passed out of the House in June 1985.

r. Review of the Defense Department's tactical warning/attack assessment (TW/AA) system.—Beginning in October of 1979, a series of computer failures occurred at the North American Air Defense Command's (NORAD) missile warning center at Cheyenne Mountain, Colorado. These highly publicized failures led to our Nation's strategic forces being placed unnecessarily on alert and caused many to question the credibility of the country's premier missile warning and attack center. Because of concern over the impact these failures may have on our Nation's security, Chairman Brooks requested in December 1980 that the GAO undertake a thorough investigation into the computer systems supporting NORAD's warning operations. During hearings held in May 1981, the committee found that the NORAD facility had been mismanaged over the last decade by the Air Force, the Joint Chiefs of Staff, and the Department of Defense resulting in obsolete computer systems which do not satisfy the requirements of NORAD's sensitive mission. The obsolete systems, coupled with highly questionable management practices, were directly responsible for many of the false alerts that began in October 1979.

Since these hearings, the committee has become increasingly concerned over the reliability of the computer and communications networks which support our Nation's Tactical Warning/Attack Assessment (TW/AA) systems. This is particularly true of those systems which gather, process, and distribute information relating to ballistic missile warning and attack assessment. While DOD has given its assurances that various modernization projects initiated over the last 3 years will correct most problems, the committee remained skeptical whether these efforts would result in a reliable state-of-the-art system. In view of these concerns, Chairman Brooks requested in July 1984 that GAO conduct a major review of DOD's efforts to modernize the computer, communications, and information networks supporting TW/AA.

On September 26, 1985, the committee held a hearing that focused on the central issue of whether or not the Nation's nuclear warning system would work if we need it. Testimony received during that hearing indicated that the system is outmoded, unreliable, vulnerable to enemy threats and subject to the misjudgments that would have catastrophic results. These factors, coupled with the fact that U.S. defenses have to evaluate what appears to be an enemy attack and quickly determine the source and seriousness in time to respond, put enormous pressure on the system. This time pressure to verify and confirm an enemy attack creates a "hair trigger" that may or may not go off when needed, or may inadvertently set off a U.S. missile response in error.

The GAO testified that the computers cited as inadequate by the committee in 1981 had not been replaced, and are still being used today. DOD now estimates that the state-of-the-art computer equipment needed to effectively support NORAD's mission will not be available until 1992 at the earliest. Moreover, GAO testified that the billions of dollars being spent to modernize this system will result in some problems being corrected, but serious deficiencies will remain.

s. Review of IRS's procurement of services for its computer experts.—At the request of Congressman Harley O. Staggers, the committee conducted an investigation into alleged improprieties concerning Internal Revenue Service (IRS) employees' hotel arrangements in Martinsburg, West Virginia. Specifically, the investigation focused on allegations that IRS had (1) used improper (possibly illegal) purchasing procedures in obtaining lodging for its employees, and (2) spent $45,000 more than necessary on the lodging. In response to the request, a GAO investigator was sent to Martinsburg to interview IRS, as well as local hotel managers and employees, and to collect and analyze records pertinent to the matter. The investigation concluded that the travel arrangements made by the IRS employees were in compliance with Federal regulations, and that there was no evidence of any irregularities in the dealings between the IRS and the selected hotel.

t. Review of agencies' purchase of ADP systems to control technical and scientific data.—The 98th Congress enacted several important and far-reaching procurement reform measures to remove the barriers to competition that had long frustrated the efforts of many businesses to enter the Federal marketplace. One of the major issues considered during the enactment of these laws was the Government's right to, and management of, the scientific and technical data associated with the products being procured. The lack of such data or the inability to effectively use available data had significantly hindered competition, particularly in procurements of spare parts for major systems.

In view of the importance of the technical data issue, and concerns regarding several automation projects underway within the Defense Department and the civil agencies to handle such data, the committee requested in May 1985 that GAO undertake a comprehensive review of the area. GAO's work is to include a thorough analysis of (1) DOD's policies and plans for improving the management of technical data, and (2) the Department's individual ADP projects, including a determination of whether the projects are well defined and based on valid requirements. GAO is also to determine if the technologies being developed by DOD should be shared with the civil agencies. GAO's review is continuing.

u. Review of Treasury Department's sole-source procurement of an IBM 3081.—On May 16, 1985, the General Services Administration (GSA) Board of Contract Appeals upheld a protest by the Amdahl Corp. concerning the Treasury Department's acquisition of an IBM model 3081 computer system from the Federal Home Loan Mortgage Corporation. In doing so, the Board found that (1) a $1.2 million advance payment for the system was illegal and void, (2) the acquisition was made in violation of a delegation of procurement authority issued by GSA and without any written justification, and (3) the computer could have been acquired elsewhere at a lower cost to the Government. Notwithstanding, the Department refused to implement the Board's decision and continued to operate the illegally procured system. Further, Treasury suggested that the Justice Department appeal the Board's decision to the United States Court of Appeals for the Federal Circuit.

The GSA Board's authority to decide bid protests concerning Brooks Act ADP procurements was established by the Competition in Contracting Act, and was intended to provide a fair and equitable remedy to vendors wrongly excluded from these procurements. Thus far, the Board has acted in an exemplary manner in handing down timely and equitable decisions. The recalcitrance displayed by Treasury in this matter is, therefore, of great concern to the committee. In this regard, a review was initiated into why the Department blatantly disregarded procurement laws and regulations in sole-sourcing the IBM system, paid more for the equipment than it was actually worth as a result, and defied the Board's decision. The review is continuing.

v. Review of the Immigration and Naturalization Service's computer procurement.—The Immigration and Naturalization Service (INS) has been attempting to improve its operations through the use of automation technology since 1981. In December 1983, GSA granted INS a Delegation of Procurement Authority for $64 million over the life of this project. Subsequently, INS entered into major long-term contracts for hardware and applications software valued at approximately $100 million.

The GAO has been conducting an investigation of this project into allegations of improper, possibly illegal, activities on the part of INS officials. These allegations include contract rigging, excessive payments to contractors, and unjustified purchase of computer equipment. While its investigation is continuing, GAO has thus far found that INS (1) violated GSA's regulations governing Federal computer acquisitions, (2) allowed vendors to change their bids after best and final offers, (3) used questionable factors to evaluate bids that favored one bidder, (4) after award, acquired equipment with four times the capacity than actually needed, (5) made unjustified modifications to the contract that exceeded GSA's schedule by at least 23 percent, and (6) did not perform a requirements study to determine the true needs of the agency.

Based on these findings, the committee recommended that the House and Senate Appropriations Committees take whatever action is necessary to require INS to cancel and recompete the contract. The GSA has recently informed this committee that INS has agreed to terminate its present computer contract, initiate a new competitive acquisition, and initiate a comprehensive planning effort to identify its requirements over the next 3 to 5 years. According to GAO, recompetition of the contract should result in savings of $16 to $32 million over the life cycle of the contract.

2. ADP Issues of Continuing Interest.

Recognizing the widespread concern over the heavy cost in time and money the public must bear in dealing with the Federal Government, the committee initiated legislation that would control the Federal paperwork demands placed on the public. The legislation was signed into law by President Carter in December 1980 as Public Law 96-511, the Paperwork Reduction Act of 1980.

The new law provided for the first time centralized authority over the paperwork and information-gathering activities of Federal departments and agencies. It aimed to reduce the amount of paperwork and redtape imposed on the public and to make the Government more responsive to the people. A particular goal of the Act was to relieve the paperwork burden on States, local governments, and small business.

The Act has tightened the management of the agencies' automatic data processing equipment by increasing competition in the acquisition of ADP equipment and services and promoting the use of this technology to improve Government services and reduce their costs. In addition to easing the burden of Government paperwork on the public, the Act has enabled the agencies to make better use of the information they gather through proper application of advanced technology in information processing. Clearly, substantial opportunities are available in this area. The committee believes that considerable savings can still be achieved in most major Government programs and expects to continue its efforts to identify and promote the use of information technology by Federal agencies.

Unfortunately, the benefits of the Act have have not been fully achieved. While OMB has reported that the paperwork burden imposed on the public has been reduced significantly during the 5 years since the Act's enactment, that Office has virtually ignored many other aspects of the law. According to the GAO, the Office of Information and Regulatory Affairs (OIRA) established by the Paperwork Act still has not met many of its statutory deadlines and progress on the other requirements has been poor. These failures appear to be a direct result of a decision made by OMB soon after its enactment to divert the resources of OIRA to activities outside the scope of the Act. As a result, progress in improving the efficient management of information has been slowed, jeopardizing the significant and far-reaching reforms envisioned by the Congress and the Commission on Federal Paperwork.

Despite the failure of OIRA to implement the law, most agencies are striving to meet the responsibilities given to them under the Act, including reorganizing the information management functions into offices reporting to the agency head. These agencies include the Department of Defense, the General Services Administration, the General Accounting Office, the Department of Commerce, the Department of Justice, the Selective Service System, and the Securities and Exchange Commission. The committee is supportive of these and other agencies as they move forward in fulfilling the goals envisioned by the Paperwork Reduction Act. Notwithstanding the inaction by OIRA in implementing this important Act, the committee believes that the objectives of the Paperwork Act can be achieved if sufficient OIRA resources were directed to its legislatively mandated mission.

To achieve this goal, the committee initiated legislation (H.R. 2718) in 1983 to reauthorize OIRA for an additional 3 years. In addition, H.R. 2718 would have established a separate line item account for only those functions contained in the Act and assigned to OIRA. The Office could perform other functions provided it obtains separate funding for these activities. Funding would be authorized for a 3-year period, increasing the current authorization level of $9 million to $10 million by 1986. The bill also combined the existing Federal telecommunications fund and the Automatic Data Processing Fund into a new Information Technology Fund managed by the General Services Administration (GSA) for the purposes of financing the acquisition of technology for use by Federal agencies. Further, H.R. 2718 established new goals for paperwork reduction and required OMB to appoint a qualified chief statistician to develop and oversee statistical policies and programs. Finally, the bill clarified OMB's authority to review information collection requests in existing, as well as proposed, regulations.

H.R. 2718 passed the House on November 7, 1983, but a companion bill (S. 2433) was not acted upon by the Senate prior to adjournment of the 98th Congress. Since OIRA continues to ignore many aspects of the law which it has the responsibility to implement, no effort was made during the first session of the 99th Congress to enact this or other legislation. Consequently, OIRA has not been reauthorized. Clearly, the activities of this Office that are outside the scope of those authorized by the Act played a major role in the failure of the reauthorizing legislation. Before initiating new legislation in the next session the committee intends to closely review its activities to determine if continued reauthorization of OIRA is warranted.

In another area, continued attention will be given to DOD's management and use of ADP resources. The committee remains deeply concerned over the numerous computer system failures experienced by DOD during the last 15 years. The Advanced Logistics System, Phase IV, WWMCCS, and NORAD are but a few examples where billions of dollars have been wasted by the military departments when they attempted to develop large-scale ADP systems. More importantly, these failures have greatly undermined the preparedness of our military forces. The committee's investigation of these projects revealed that the single underlying cause of these failures is mismanagement by the Department, Joint Chiefs of Staff, and the Military Services. Specifically they have:

Failed to plan effectively for ADP procurement and implementation;

Failed to identify adequately user requirements;

Failed to develop functional specifications;

Failed to provide centralized acquisition management;

Failed to make effective use of the competitive process; and

Failed to establish adequate accountability.

The committee believes that these causes continue to exist today and that DOD will never be able successfully to acquire and develop computer systems until it corrects these fundamental management problems.

Of continued concern to the committee is the viability of the Federal Information Processing Standards (FIPS) program. Over the last several years, efforts were made by the administration to cut drastically the funding of this important program. These cuts were being made without regard to the significant benefits that have been achieved by the program. According to the Department of Commerce's own statistics, the issuance of 54 Federal Information Processing Standards (FIPS) by the Institute for Computer Sciences and Technology (ICST) is saving the Government about $132 million annually. Given these significant savings, the numerous attempts to decimate this important program are unconscionable. This committee fully supports the Institute for Computer Sciences and Technology (ICST) and intends to work towards resolving this issue permanently.

The committee is also deeply concerned over the state of computer security in Federal agencies. There is a general consensus both within the Government and the private sector that more needs to be done to protect the Government's computerized data bases from unauthorized manipulation and potential destruction. The threat to these data bases include computer hackers, criminals, and agents of foreign powers. To date, the Government has concentrated its efforts mainly on the protection of its classified information. Very little attention has been paid to the protection of computerized information that, while not classified, is still sensitive. Nevertheless, the loss of this data could cause harm to the Government and our citizens. This information would include personnel, payroll, medical, and financial records.

Apparently to counter the growing threat of foreign exploitation of computer-based information systems within both the Government and the private sector, the administration issued National Security Decision Directive (NSDD 145), which sought to vest in the Department of Defense (DOD) the authority to establish regulations and standards that would govern the access to and the processing of all computerized information which DOD deems to be critical to the national security of the United States. This would include not only classified information, but any other information within the civilian agencies that the Department considers "sensitive." Since it is left up to the Department to define what is in the interest of national security, virtually any information system located in the civilian agencies or the private sector would fall under its domain.

In the committee's view, NSDD 145 is one of the most ill-advised and potentially troublesome directives ever issued by a President. It is seriously defective on several grounds. First, it was drafted in a manner that usurps Congress's role in setting national policy. Under our system of government, the Congress has the sole responsibility for setting national policy through the enactment of legislation and the President has the duty to faithfully execute public law. As such, while the President has proclaimed that NSDD 145 sets national policy for telecommunications and computer systems security, he has no legal authority to do so. The directive is also in conflict with existing statutes (the Brooks Act and the Paperwork Act) that assign to the Office of Management and Budget, the Department of Commerce, and the General Services Administration the sole responsibility for establishing Governmentwide standards, guidelines, and policies for computer and telecommunications security. In issuing NSDD 145, the President ignored these statutory authorities and unilaterally transferred these responsibilities to DOD. Once again, the President does not have the authority under our constitutional form of government to unilaterally revise existing statutes. The committee also questions whether any responsible official really wants to give DOD the power to classify, hence control, information located in the civilian agencies and even the private sector that, in DOD's opinion, may affect national security.

One of the benefits of a full and open society is the rich exchange of ideas and knowledge unfettered by governmental intervention and redtape. The successes of our scientific, technical, and medical communities have been based upon the free exchange of data and information. Since it is a natural tendency of DOD to classify everything, it would be impossible for the Department to strike an objective balance between the need to safeguard information and the need to maintain the free exchange of information. There are other practical problems as well. First, DOD does not have the resources to classify and control all of the information that would be encompassed by this directive. Second, the cost of applying DOD-type security measures to civilian agency and private sector information systems would be overwhelming. Furthermore, DOD has its hands full trying to even modestly protect its own classified information and it would be foolhardy to expand its jurisdiction to protect the unclassified information contained in the civilian agencies and the private sector.

Current technology offers the Government and the private sector a multitude of means to protect its sensitive data—for a price. Agency heads must be made aware that more resources must be allocated for computer and telecommunications security, including proper training for agency personnel in this area. In the committee view, the National Bureau of Standards is in the best position to assist the agencies in this effort.

Recognizing the need for a stronger Governmentwide computer security program, legislation (H.R. 2889) was introduced by Congressman Glickman in June 1985 to give NBS the authority to establish new research and training programs in computer security. The bill was jointly referred to the Science and Technology and Government Operations Committees. During hearings held by this committee in September, it was clearly demonstrated that (1) a comprehensive Federal computer security program to protect our Nation's sensitive information was urgently needed, and (2) a clear delineation of the roles of DOD and NBS was also essential for the success of a viable computer security program.

As a result, amendments were made to H.R. 2889 that would require (1) NBS to establish a Governmentwide computer security standards program, (2) NBS to set up a computer security board so that industry and private sector views are fully considered, and (3) agencies to identify sensitive information and develop plans to protect that information. Although NBS was given the Governmentwide responsibility, DOD could continue its traditional role in protecting that information contained in computer systems that do not fall under existing laws, i.e., Public Law 89-306 and Public Law 96-511. In recognition of the National Security Agency's expertise in this area, NSA was given an important role in advising NBS in establishing Governmentwide computer security standards. The Science and Technology Committee is pursuing similar amendments to H.R. 2889. The committee expects to continue its efforts to adopt this legislation during the next session of Congress.

Finally, the committee is continuing its investigation of the acquisition and use of telecommunications throughout the Government. While current estimates indicate that 5 to 10 percent of the Federal budget is expended on this technology, there are no specific figures available showing how much and where this money is being spent. The committee believes it is essential that Congress and the public have a full understanding of the magnitude of this investment. This is particularly critical as the Congress considers legislation that may impact substantially on this area.

3. Savings.

As a result of the committee's direct oversight of Government ADP activities, approximately $3.6 billion has been saved since 1980 by agencies redirecting or canceling unjustified projects.

In addition, the implementation of Public Law 89-306 has continued to provide savings to the Federal Government. The GSA reported that since 1965 an acquisition value of $2.7 billion in Government-owned excess equipment had been transferred between agencies in place of new equipment. The Department of Commerce reported that the computer standards program saved $132 million annually. Further, additional savings of $7.6 billion were reported by the General Services Administration in the following letter to the committee:

GENERAL SERVICES ADMINISTRATION,
INFORMATION RESOURCES MANAGEMENT SERVICE,
Washington, DC, December 9, 1985.

Hon. JACK BROOKS,
Chairman, Committee on Government Operations,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This letter provides updated annual information on ADP cost avoidances achieved by the Federal Government as a result of the programs carried out by the General Services Administration under the Brooks Act authorities. The costs avoidances for Fiscal Year 1985 amounted to $864.68 million. Since passage of the Brooks Act on October 30, 1965, our ADP program activities have resulted in total costs avoidance to the Federal Government of over $7.6 billion, as summarized on the enclosure.

In addition, there was excess ADP equipment that was transferred between agencies. This equipment had an acquisition value of about $2.7 billion, and took the place of new equipment procurements during this period.

It is a pleasure to report these cost avoidances that have resulted from the enactment of your legislation.

Sincerely,

FRANCIS A. MCDONOUGH,
(For Frank J. Carr, Commissioner).

Enclosure.

OFFICE OF INFORMATION RESOURCE MANAGEMENT COST AVOIDANCES OF ADP PROGRAMS—SUMMARY

[Dollars in millions]

	Cost avoidances			
	Fiscal year—			Total
	1983	1984	1985	
1. Sharing of ADP resources	2,776.7	26.3	[1] 24.5	[2] 2,827.5
2. Assistance to Federal agencies in procurement of ADP equipment (administrative savings)	1,201.3	343.8	328.0	1,873.1
Separate contracts		[3] (100.0)	[3] (76.0)	
Multiple award schedule contracts		[4] (243.8)	[4] (252.0)	
3. Improved prices, terms and conditions and amendments of ADP contracts negotiated by GSA	882.5	[5] 255.8	[5] 425.0	1,563.3
4. Awards of mandatory ADP requirements contract	671.7	0	0	671.7
5. Teleprocessing Services Program	297.1	[6] 13.2	[6] 16.2	326.5
6. Agencies use of the ADP fund to purchase ADP equipment under "Opportunity Buy" Program	152.5	0	0	152.5
7. Redistribution of Government owned excess ADP equipment	80.0	13.6	[7] 10.1	103.7
8. Contract Services Program	[8] 8.3	[9] 34.6	[10] 35.7	78.6
9. Renewal work on existing software systems	[11] 2.9	9.3	24.6	36.8
10. Federal Computer Evaluation and Simulation Center [FEDSIM]	1.5	.5	.51	2.51
11. Microcomputer User Support Center [MUSC]			[12] .07	.07
Total ADP cost avoidances	6,074.5	697.1	864.68	7,636.28
Acquisition value of excess ADP equipment reutilized	2,452.2	124.4	109.8	2,686.4

[1] Estimated figure as agencies' reports are not available at this time. Actual figure will be sent to you later in a revised report.

[2] These dollars are based on the difference between the cost to the Government and the cost of comparable commercial services. Starting with FY 1983, the amount is also based on reporting procedures that are as follows: (1) reporting requirements are not involved for less than $100,000 in sharing services; (2) more realistic accounting by all agencies in computing cost avoidance savings.

[3] Difference in price between contract and ADP Schedule contract prices for almost identical equipment.

[4] Difference in cost to agency between issuing delivery orders against GSA's instruments versus issuing separate contracts.

[5] Negotiated economic benefits from Multiple Award Schedule Contracts vendors, e.g. discounts (basic, prompt pay, prompt renewal, etc., free installation, FOB destination, price protection, extended warranties, etc.).

[6] Represents the difference between best government discount and best commercial discount, plus prompt payment and single billing disounts. Also included are savings from other contract terms/conditions, procurement cost savings, and from TSP Basic Agreement terms and conditions.

[7] Based on a 20% cost avoidance to acquisition value for GSA initiated transfers of ADP equipment.

[8] Cost avoidance measurements were started at the beginning of FY 1983.

[9] Difference between user agency prices and GSA contracted prices.

[10] Combination of: (1) user cost to award contracts minus GSA cost to award consolidated contracts and issue task orders, and (2) agency prices minus GSA contracted prices.

[11] Cost avoidance measurements were started at beginning of FY 1983. This computation varies depending upon the type of renewal program being implemented. It basically compares the renewal cost per line of code (RC/LOC) in contract project experience with an estimated development cost per line of code (DC/LOC) for new software development project. This savings is then amortized over the useful life of the renewal project.

[12] Difference between contractor's cost and in-house costs.

C. FEDERAL PROCUREMENT POLICY

The committee has continued its efforts to promote the long overdue reform of Federal procurement policies. The Government spends more than $180 billion a year on the procurement of goods and services. Despite this huge expenditure of money, the present system remains complicated and confusing. It is shackled with an outmoded and fragmented statutory foundation, regulatory and procedural proliferation beyond comprehension, an underdeveloped workforce, and an absence of individual accountability.

Congress has long recognized the desirability of establishing a Governmentwide uniform procurement policy for all Federal agencies. A uniform policy benefits both purchasers and vendors. Uniform procurement practices provide economies and efficiencies for the Government and allow more vendors, particularly small businesses, to enter the Federal marketplace. Governmentwide policies also avoid duplication and paperwork, thereby reducing the waste of public funds and delays in procuring needed supplies and services.

Over the years individual agencies have been allowed to develop unique procurement regulations and practices. This has resulted in the creation of an enormous body of diverse laws, policies, and regulations that cripple the Government's effectiveness and inhibit competition. In fact, the policies and practices of procuring agencies are so diverse that contractors seem to be dealing with different governments. Uncoordinated and unconstrained, agencies' procurement practices have resulted in the proliferation and fragmentation of forms, functions, policies, and procedures that are overwhelming.

1. Current Governmentwide procurement reform efforts.

Despite the overwhelming and obvious need for procurement reform, large procuring agencies such as the Department of Defense (DOD) have over the years steadfastly resisted fundamental changes to their procurement practices. These same agencies opposed the creation of the Office of Federal Procurement Policy (OFPP) on the basis that the Office's reform efforts would represent an unnecessary intrusion into their procurement activities. This opposition has continued throughout the life of OFPP. In fact, the Defense Department, as recently as February 1983, is on record as opposing the reauthorization of this Office. In a letter to Edwin Meese, Counselor to the President, Paul Thayer, then Deputy Secretary of Defense, stated:

> Certain aspects of this proposal [to reauthorize OFPP] just do not seem to be in line with how I believe government agencies should be organized or operated. First of all, I do not believe that the Executive Branch should propose the continuation of a legislative authorization of this function when this can be accomplished by the executive authority of the President. Second, the proposed legislation requires the Office of Federal Procurement Policy to report policy matters directly to the Government Operations Committee of Congress. I do not believe that we should support this direct reporting requirement.

This attitude is consistent with other positions taken by DOD over the last 3 years concerning Governmentwide procurement reform issues. In matters of contracting out, improving competition, and the adoption of the Federal Acquisition Regulation (FAR), DOD has done all it could to delay or impede the progress of these efforts. Apparently, DOD views procurement reform by Congress or any entity outside of DOD as an unnecessary instrusion into the Department's procurement domain.

In recognition of the need for a strong central authority to implement the goals envisioned by the Procurement Commission, the Congress passed in late 1983 legislation (Public Law 98-191) to reauthorize OFPP for another 4 years. The Act restored OFPP's authority to issue procurement policies and regulations. The legislation also incorporated new sections on Governmentwide policy and Federal agency procurement responsibilities and removed the requirement that OFPP develop a proposal for a uniform procurement system since that task has been done.

The Act provided the proper authorities and responsibilities to OFPP to assist them in carrying out their procurement reform efforts. It allowed OFPP to issue policy directives in such detail as the Administrator considered to ensure Governmentwide implementation. Further, OFPP could determine what areas should be subject to Governmentwide procurement regulations. OFPP could also issue such Governmentwide regulations where the major procurement agencies—DOD, GSA, and NASA—either fail to agree on such regulations or fail to issue such regulations in a timely manner.

In effect, OFPP was given regulatory authority over the Government's procurement system. OFPP needed this authority to settle disputes among procuring agencies and to act as the final decisionmaker in all policy and regulatory matters involving procurement. OFPP's policy authority was to be preeminent and take precedence over all Governmentwide procurement regulations, as well as unique agency regulations. The Administrator of OFPP could, through the Director of OMB, deny or rescind any agency regulation which was consistent with OFPP's policies.

Notwithstanding the efforts of this committee and the Congress to reform the Nation's procurement system by strengthening OFPP, the administration has recommended that OFPP be disbanded and its functions moved elsewhere—as desired by DOD. In the committee's view, an effective procurement office located within OMB could have exercised its authorities to ensure an efficient and streamlined procurement system to the benefit of both the Government and private sector. The action taken by the administration to demolish OFPP can only end up in the further disintegration of our procurement system. This will undoubtedly result in billions of dollars in added costs, due to a continued inefficient and wasteful procurement system. The committee intends to closely review the alternatives available to the Congress in light of the administration's unilateral action against OFPP.

2. Competition.

The committee has long held the belief that any effort to reform Government procurement practices must include a firm commitment to increase the use of competition in the Federal marketplace. Competition not only provides substantially reduced costs but also ensures that new and innovative products are made available to the Government on a timely basis.

Despite the benefits that can be achieved, the Federal agencies particularly DOD, have successfully resisted using competition in most of their procurements. For example, the majority of the Department of Defense acquisitions have historically been made on a noncompetitive basis. While DOD officials invariably claim that limiting competition is justified on the basis of national security, the committee has found that the deciding factors are inept management, dependence on incumbent vendors, and rewarding performances based on factors other than reducing cost.

As a result of the inability of the executive branch to reform its procurement activities and recognizing the substantial benefits that can be achieved through the use of competition in agency procurements, Congress passed several important and far-reaching procurement reform measures over the last 2 years. Perhaps the most far-reaching is the Competition in Contracting Act of 1984 (Public Law 98-369). This legislation was adopted by the House and Senate conferees during consideration of the Deficit Reduction Act of 1984. It represented a compromise between a Senate bill, the Competition in Contracting Act of 1983 (S. 338), passed by the Senate Governmental Affairs and Armed Services Committees, and two House measures—the Competition in Contracting Act of 1984 (H.R. 5184) passed by the House Government Operations Committee, and the Defense Procurement Reform Act of 1983 (H.R. 2545), which was under consideration by the House Armed Services Committee.

The legislation establishes full and open competition as the standard for awarding Federal contracts for property or services. Full and open competition is defined to mean that all responsible sources are permitted to submit bids or proposals for a proposed procurement. It also provides exceptions to the use of competitive procurements in situations where: Only one source is available, an unusual and compelling urgency exists, it is necessary to maintain an essential supplier, an international agreement or treaty requires the use of noncompetitive procedures, a statute authorizes or requires procurement from a specified source, national security would be compromised, the head of the agency determines that it is in the public interest.

Further, the legislation requires that, before a contract is awarded noncompetitively, the agency must justify its reason for going sole-source. These justifications must be approved by the procurement activity's competition advocate for contracts over $100,000, by the head of the procuring activity for contracts over $1 million, or by the agency's senior procurement executive for contracts over $10 million. In most cases, notices of pending Government procurements must be published in the Commerce Business Daily so that all vendors have an opportunity to offer their products and services.

The legislation also establishes a system that allows vendors to protest violations of procurement laws by Federal agencies. Under this bill, vendors could file a bid protest with the Comptroller General when they feel they have been unfairly excluded from a Government procurement or when they have not been awarded a contract that they feel they should have won had all the procurement laws been complied with. This procedure has been available in the General Accounting Office but it had no enforcement mechanism. Under the law the agency cannot award the contract until the protest is decided unless the agency's senior procurement executive finds that compelling circumstances require an immediate award be made. It also:

Allows the Comptroller General to award bid protest costs to the successful protestor and such costs must come out of the funds available for the procurement concerned.

Prohibits the award of a contract while a protest is pending before the Comptroller General except under compelling circumstances.

Requires the suspension of a contract in certain cases where the contract was awarded prior to the pending protest.

In addition to strengthening GAO's bid protest function, the legislation also authorizes the GSA Board of Contract Appeals to consider protest cases involving ADP procurements conducted under Public Law 89-306 (Brooks Act). Recognizing the increasing number and complexity of computer procurements conducted every year, the law establishes another forum besides GAO to provide fair, equitable, and timely remedies to resolve contractural disputes. The Board is well suited to hear protests of this nature since it can use already established procedures to hold hearings, compel production of documents, obtain testimony, and conduct cross examination under oath. Further, the Board can use the authority that GSA currently has under the Brooks Act to revoke, suspend, or modify a delegation of procurement authority. The Board is also authorized to suspend any contract that was awarded pursuant to Public Law 89-306.

The Act requires that an initial hearing be held by the Board within 10 days of the filed protest, and that the Board then issue its final decision within 45 working days from the date of protest unless its chairman determines that specific and unique circumstances require a longer period for consideration. Based upon the results of the initial hearing, the Board can suspend the delegation of procurement authority while the protest is pending. The suspension of a solicitation or contract performance shall not be ordered if the agency establishes that urgent and compelling circumstances exist. In addition, the legislation authorizes the Board to award the costs of pursuing a protest if such protest action is sustained by the Board.

In the short space of less than 1 year, numerous disputes have been protested to the Board by dissatisfied contractors. Not only has the Board rendered its decisions in the 45 working days called for in the Act, but it has proved itself capable of granting meaningful relief. Since the Act's entitlement, over 120 protests have been filed with the Board and were resolved within an average of 20 working days after filing.

The Board should be commended for the efficient manner in which it has implemented the Competition Act. the committee remains concerned, however, that the Board may not have adequate funding or the independence necessary to carry out its mandate. As such, the committee would urge that both OMB and GSA fully support the Board so that it can provide the sort of expeditious contract resolution envisioned by the Congress.

In the committee's view, the Competition Act will be the cornerstone of future procurement legislation that will significantly improve the way the Government procures its goods and services. This is particularly true in the requirement of the Act that Federal agencies use competition in the majority of their procurements. In one committee investigation, the Act was responsible for the Army agreeing to use competition to fulfill its requirements in lieu of a sole-source procurement. For example, in late 1984, the Army exercised an option for an additional 86,000 units (about $52 million) under a sole-source contract to Goodyear, despite an offer from Irwin Industries to supply 36,000 units at a price $3 million cheaper (14 percent discount) than Goodyear. After a request by Chairman Brooks to DOD Secretary Weinberger and Secretary of the Army John Marsh to review this procurement in light of the recently passed Competition Act, DOD agreed that a future planned procurement would be conducted competitively allowing the Department to take advantage of the substantial discounts available through the use of competition.

In the future, the committee expects the Competition Act will:

Open up the Government marketplace to all qualified businesses.

Remove bias and favoritism which is currently plaguing the Government's procurement system.

Require agencies to conduct procurement activities in a fair and equitable manner.

Ensure that the Government receives innovative and cost effective products and services.

Greatly reduce fraud, waste, and abuse in Government contracting.

Support American free enterprise system by requiring competition as the driving force by which the Federal procurement system will be governed.

Given the $180 billion or more spent on the procurement of goods and services each year by the Federal Government, the committee intends to closely monitor the implementation of this landmark legislation.

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

Hon. Jack Brooks, *Chairman*

1. "DOD Spare Parts Pricing Abuses at the Naval Air Station, Miramar, California," House Report No. 99-356, November 1, 1985, Twentieth Report by the Committee on Government Operations.

a. Summary.—This report reviews the results of a subcommittee investigation into spare parts procurement at the Miramar Naval Air Station. The investigation revealed numerous instances of gross overpricing of aircraft equipment, including $659 ashtrays, $404 socket wrenches, and $529 seat cushions. Instances of "price growth"—the spread between the latest and the previous purchase price—for such parts were found to range from 65 percent to more than 3,300 percent.

The report indicates that most overpricing occurs when procurement authorities buy in the open market; in small quantities; without benefit of competitive bidding; or to meet needs that are classified, often unnecessarily, as "urgent."

The committee made three recommendations to the Secretary of Defense designed to elicit more realistic estimates of spare parts needs from the services, to reduce the volume of open-market purchases, to increase the competition among suppliers of items procured in the open market, and to tighten control over the classification of "urgent" needs.

b. Benefits.—The Defense Department budgeted $22.4 billion for spare parts procurement in fiscal year 1986 alone. The investigation established that controls on such spending at one defense installation remain inadequate and that the findings there were not isolated instances but part of a larger, recurring pattern of abuse throughout the armed services. The committee's long expressed concern about this issue has prompted the Department to adopt a number of corrective measures. The recommendations in this report will, if properly implemented, lead to substantial economies in this item of the defense budget.

c. Hearing.—A hearing was held on July 11, 1985. The transcript has been printed.

2. "Identification of Friend or Foe in Air Warfare—A Capability Long Neglected and Urgently Needed," House Report No. 99-354, November 1, 1985, Eighteenth Report by the Committee on Government Operations.

a. Summary.—To overcome the numerical superiority of Warsaw Pact aircraft in combat over Europe, U.S. and other allied forces must depend on their technical advantage in sophisticated air-to-air and ground-to-air tactical missiles, which can destroy enemy airplanes at ranges of up to 30 miles or more in any weather and at night. To more effectively use such missiles, our aircraft must be able to electronically distinguish between friend, foe, and neutral at comparable ranges.

In this report, the committee concluded that allied forces will not be equipped with the reliable aircraft identification much before the year 2000. The committee recommended specific measures to speed up the readiness process.

The committee found that the United States and its allies must field a mix of indirect, cooperative and noncooperative identification systems. It further found that progress has been seriously hampered by duplication of effort among the services, and an imbalance between missile and identification development programs. The committee recommended that the Secretary of Defense take steps to reduce duplication, to ensure that the necessary ID capabilities are included as integral requirements in the acquisition planning and review process for air defense weapons, and to promote optimum use of existing systems through training and operational procedures, as well as through technical modification.

b. Benefits.—Implementation of the committee's recommendations may significantly enhance the readiness of our armed forces and the survivability of our combat aircraft. The Defense Department plans to spend $25 billion to procure beyond-visual-range missiles over the next 10 years. Without the successful acceleration of the combat identification programs, the proposed investment in new missile technology may prove to be a highly inefficient use of funds.

c. Hearing.—A hearing was held on June 11, 1985. The transcript has been printed.

3. "Air Force Is Spending Over a Billion Dollars in Poorly Tested and Duplicative Radar Jammer Programs," House Report No. 99-355, November 1, 1985, Nineteenth Report by the Committee on Government Operations.

a. Summary.—Together the Air Force and Navy expect to spend more than $6.7 billion over the next 8 years on the development and procurement of electronic radar jammers. These devices are designed to protect our aircraft in combat by sending signals that interfere with the radar fire control and guidance systems of enemy missiles. In this report the committee criticizes the Air Force for its wasteful duplication of a joint Navy-Air Force development effort and for rushing into production and procurement before completing normal operational tests.

The Defense Department's stated objectives with regard to jammers (and other procurement) are to acquire the necessary equipment with the least down time of combat aircraft, the least cost, and with appropriate commonality among programs. The committee concluded that the Air Force's jammer program has failed to achieve any of these objectives. It recommended an independent comparative assessment of the costs and performance of the two programs, and called upon the Secretary of Defense to slow down Air Force production and stop further contract awards for its own jammer pending completion of the assessment.

b. Benefits.—The Defense Department has estimated that $1.2 billion could be saved by development and production of a common system. Such savings may be achieved only if the Air Force alters the policies and practices identified in the committee's investigation. In view of the recommendations, as much as $442.2 million in funding could be saved.

c. Hearing.—A hearing was held on April 4, 1985. The transcript has been printed.

4. "Costly Failure To Control Government Property Furnished to Defense Contractors Remains Uncorrected," House Report No. 99-139, May 21, 1985, Eighth Report by the Committee on Government Operations.

a. Summary.—More than $40 billion worth of Government-owned property is now in the hands of defense contractors for their use in producing, overhauling, or maintaining military hardware. In this report, the committee found that despite repeated criticism in independent audit reports, DOD does not properly control the way defense contractors acquire, store, use, and dispose of this property. The committee recommended five corrective measures.

DOD's inability to account for much of this property and to control access to it, the committee reported, "means that contractors are able to acquire more than they need or are entitled to under their contracts, to disregard obligations for proper maintenance, to 'lose' property without penalty, to use it in commercial production without remunerating the government, and even—having obtained it free of charge—to sell it back to the government." Inadequate management of this property also means that DOD often procures duplicate materials or equipment for new contracts instead of reallocating what it already owns.

The committee recommended that the Secretary of Defense, among other actions, place responsibility for coordinating the management of, and accountability for Government-furnished property in one adequately staffed central office; invest more resources in the necessary personnel, training, accounting systems, and data processing; and reinstate and revise the program for testing the practicability of selling Government property to defense contractors instead of providing it free of charge.

b. Benefits.—Audit reports have cited many instances of substantial, unnecessary costs to the Government and shown the potential for far greater costs. The audits of Government-furnished property to date have been limited to scattered samplings. The full extent of this waste thus cannot be estimated. Since, however, the total of such property is valued at more than $40 billion, it is clear that implementation of the committee's recommendations can save millions of dollars.

c. Hearing.—A hearing was held on March 6, 1985. The transcript has been printed.

5. "Unnecessary Firing of Tactical Missiles Demands DOD's Attention," House Report No. 99-45, April 17, 1985, First Report by the Committee on Government Operations.

a. Summary.—The Defense Department today has large inventories of complex and expensive tactical missiles—anti-aircraft and anti-tank rockets—which find their targets at distances of up to 30 miles or more with the help of automatic fire control systems. In this report the committee found that in fiscal year 1984, the services planned to fire about 7,900 of these weapons at a replacement cost of some $437 million. The committee further found that live-firing of tactical missiles is of marginal importance in developing combat proficiency and can be replaced at far less cost and with better results by training devices that simulate, record, and evaluate missile firing. Accordingly, peacetime firing of tactical missiles—some of which cost more than $200,000 a copy—should be held essentially to the level required for testing and evaluating weapon systems.

The committee recommended that the Secretary of Defense revise and standardize training requirements for live-firing; use weapons systems evaluation programs so far as may be desirable and feasible for target practice purposes; tighten the reporting and evaluation of all live-firing exercises; and expand the use of simulator training devices.

b. Benefits.—The recommended improvements in the management of live-firing of tactical missiles will save several hundred million dollars in the defense budget every year. By reducing the inroads on the missile inventories, the proposed actions will also enhance the services' ability to meet their combat sustainability objectives

c. Hearing.—A hearing was held on September 18, 1984. The transcript has been printed.

6. "The Impact of the Budget Process on Offices of Inspector General," House Report No. 99-46, April 17, 1985, Second Report by the Committee on Government Operations.

a. Summary.—The independent status of statutorily-established Offices of Inspector General is critical to their ability to function objectively and to reach unbiased conclusions and recommendations. This unique status, however, is not recognized in the budget procedures of the Office of Management and Budget and individual agencies.

Offices of Inspector General are often subject to the same budget procedures as program offices—imposed ceilings, review by program officials, and control by management. These procedures have a decided impact on Inspector General operations. The independence of an Office of Inspector General is impaired to the extent that agency management officials below the level of deputy can exercise control over Inspector General operations through administrative budget procedures. Although the Inspector General Act of 1978 does not include special provisions for budgeting and staffing, it clearly is designed to provide Inspectors General with the degree of independence necessary to operate effectively.

b. Benefits.—Testimony of Inspectors General in past hearings, pronouncements of the President's Council on Integrity and Efficiency, and informally received information all indicate that considerably more money is returned to the Government because of the work of Offices of Inspector General than is spent by those offices. At least one Office of Inspector General claims a 2 to 1 return. Such savings are hindered, however, when an Inspector General must compete for funds with program officials. Administration guidance geared toward enhancing Inspector General capability, and thereby maximizing potential savings, would have a significant monetary impact.

c. Hearing.—A hearing was held on September 26, 1984. The transcript has been printed.

7. "The President's Suspension of the Competition in Contracting Act Is an Unprecedented Attack on the Constitution," House Report No. 99-138, May 21, 1985, Seventh Report by the Committee on Government Operations, Together With Separate and Additional Views.

a. Summary.—President Reagan, upon signing the Competition in Contracting Act (Title VII of division B of Public Law 98-369) into law, declared it to be an unconstitutional intrusion by the legislative branch into the prerogatives of the executive agencies. Both Attorney General Meese and his predecessor, William French Smith, defended the President's action on the basis that the President is duty bound to "preserve, protect and defend the Constitution." They asserted that since the Competition Act contains provisions that they believe violate the constitutional doctrine of separation of powers, the President is obliged to suspend these provisions of the law. To carry out the instructions of the President and the Attorney General, the Director of the Office of Management and Budget (OMB) issued a directive to all Federal agencies ordering them to ignore those provisions of the act.

In effect, the President had decreed that he has the obligation to revise and rescind any law that is inconsistent with his interpretation of the Constitution. Under this view, the President would set the bounds on his own power. The challenge to the Congress was clear. Unchecked, the President could declare his ultimate authority over all laws that have been passed or will be passed in the future. Such laws as the War Powers Act and the Social Security Act could be nullified or revised by the current or a future President simply by declaring those laws to be unconstitutional.

To meet this challenge by the executive branch, the subcommittee held hearings on February 28 and March 7, 1985. As stated by Chairman Brooks during the hearing, "The ultimate question which the subcommittee must address in this hearing is: Can the President of the United States unilaterally declare a portion of a public law to be unconstitutional and then refuse to enforce it?"

In the committee's view, the President's decision to unilaterally declare a portion of a public law unconstitutional and then suspend it strikes at the very heart of our constitutional form of government. In effect, the President attempted to execute the powers of all three branches of Government. After signing the bill into law, he assumed the role of the legislative branch by unilaterally revising that law to accommodate his personal view of the Constitution. The President assumed the role of the Judiciary by declaring the law to be unconstitutional and ordering its suspension.

During the hearings, the administration did not present any legal authorities to support its actions. Instead, the Justice Department attempted to derive such authority from its own internal policy regarding the Department's decision to refrain from defending certain laws before the courts. The distinction between that policy and the action by the entire executive branch in suspending law was deliberately blurred by the administration to provide cover for the lack of supporting legal precedent. The Department relied on irrelevant theories and historical anecdotes to give the appearance of reasoned thought based on sound legal doctrine. Concerns over justiciability—standing and mootness—were manufactured to lend badly needed support, but they were transparent. In effect, expedience took precedence over explicit constitutional requirements.

It was exactly this sort of self-serving constitutional analysis that the Founding Fathers sought to avoid by creating a judiciary with life-tenured judges freed from the diminution of their salaries by the other branches. The executive branch is not designed to facilitate independent, objective, constitutional decisionmaking; the judiciary is. The wisdom of the constitutional scheme is clearly revealed in this instance when it has been so violated.

With regard to the constitutionality of the provisions of the act that were being contested, the Justice Department stood alone in its views. During hearings, the committee heard testimony from the Comptroller General, a panel of eminent constitutional scholars, the American Bar Association, and witnesses representing over 3,800 businesses. These witnesses were unanimous in their view that the Competition in Contracting Act is constitutionally sound.

Their views were subsequently ratified by the judiciary when that body soundly rejected the Justice Department's arguments challenging the Act.

In upholding the constitutionality of the act, the court recognized that the Competition in Contracting Act was enacted by Congress in response to public concern over the wasteful and abusive spending practices of Federal agencies. The Government's procurement process has been discredited almost daily by revelations of favoritism, profiteering, and misconduct by both Federal Government and contractor officials. Despite longstanding public policy, competition has become the exception rather than the rule in the procurement process. The majority of Government contracts have been awarded noncompetitively to a few large companies who were favored by the agencies. In 1983 alone, the Government awarded nearly $100 billion in noncompetitive contracts. This has resulted in an enormous cost to the American taxpayer—the Federal Government has bought 60-cent light bulbs for $500 and ordinary claw hammers for $435. The Competition in Contracting Act was passed by Congress to put a stop to these wasteful spending habits and to expose those officials responsible to public scrutiny.

Shortly after the hearings, the administration, including the Justice Department, reversed its stand and agreed to follow the law.

The subcommittee notes that it did so reluctantly since it was faced with a court order to implement the law and congressional action to strike the funds for the Office of the Attorney General. The committee intends to monitor the actions of the administration in its implementation of the Competition Act.

b. Benefits.—Full implementation of the Competition Act will not only ensure that the Government obtains the best products at the best price, but will save millions of dollars in procurement costs each year.

c. Hearings.—Hearings were held on February 28 and March 7, 1985. The transcript has been printed.

GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

Hon. Cardiss Collins, *Chairwoman*

1. "GSA's Multiple Award Schedules," House Report No. 99-49, April 18, 1985, Fifth Report by the Committee on Government Operations, Together With Additional Views.

a. Summary.—After repeated criticism from GAO, the GSA Inspector General, and the Congress, GSA, in 1983, initiated changes to improve its management of the Multiple Award Schedule (MAS) system for procuring certain goods and services. The changes were to increase competition by converting, where feasible, items from MAS to single award or competitive contracts.

Multiple award contracts are negotiated as indefinite quantity contracts with vendors selling commercial (off-the-shelf) products to Federal agencies for specific periods of time. They are useful, for instance, where it is not practical to obtain competitive offers that could be evaluated against a common standard or specification. MAS sales volume in fiscal year 1983 totaled about $1.3 billion. Single award contracts for that year totaled about $340 million.

Some MAS vendors protested that the changes (conversion to competitive contracts) threatened their ability to sell directly to Federal agencies. Vendors of electronic data processing furniture and of office products like photocopying equipment, arguing against conversion, said that changing technology thwarts drafting commercial item descriptions (CID's).

The committee report found that, although some improvements in the management of the MAS had been made, deficiencies persisted; namely, that GSA had failed to communicate to contractors the criteria whereby items on the MAS would be converted to competitive contracts (including single-award contracts); that the new conversion policy appeared detrimental to the small business community; and that a policy to achieve lower costs through conversion would, nevertheless, be consistent with the Federal Property Act and the new Competition in Contracting Act (Title VII of Public Law 98-369; July 18, 1984).

It recommended that GSA establish full and effective communication with interested businesses and user agencies concerning GSA's MAS policies; that GSA establish general and specific criteria for conversions and for choosing the most cost-effective forms of competition; and that GSA work with the Small Business Administration to ensure reasonable small and disadvantaged business goals for GSA procurements.

b. Benefits.—As indicated in GSA's letters to the subcommittee of October 3, 1984, and January 10, 1985, GSA is modifying its earlier proposed actions relative to procurement of EDP and systems furniture. In addition, public participation concerning CID's or proposed procurement has been increased (cf. *Commerce Business Daily*, October 25, 1984; and 49 F.R. 45070; November 14, 1984). The subcommittee is awaiting GSA's formal comments on the recommendations contained in the report.

c. *Hearing.*—A subcommittee hearing was held August 9, 1984, at which statements were received from Members of Congress, GSA, SBA, and spokesmen for organizations representing the private sector.

2. "National Endowment for the Humanities and the Equal Employment Opportunity Commission," House Report No. 99-56, April 22, 1985, Sixth Report by the Committee on Government Operations, Together With Dissenting, Additional, and Additional Dissenting Views.

a. Summary.—On January 16, 1984, Dr. William Bennett, then chairman of the National Endowment for the Humanities (NEH), wrote to Clarence Thomas, chairman of the Equal Employment Opportunity Commission (EEOC), to announce that NEH no longer planned to comply with the Federal directive that required all Federal agencies to submit annually hiring and promotion goals and timetables for its work force. NEH was joined in its noncompliance by the Federal Trade Commission and the Department of Justice; however, 107 agencies chose to comply with the law.

The report found that the "EEOC appears to have statutory and executive order authority to require federal agencies to set employment goals for women and minorities," including numerical goals. The EEOC's authority in this area is further supported by Executive Order 11246, issued in 1965; Executive Order 11478, issued in 1969; and Executive Order 12067, issued in 1978, which "gave the EEOC the lead role among federal agencies in coordination and setting the standards for enforcing equal employment opportunity requirements."

In its conclusion, the report recommended that the NEH "promptly supply the missing goals and timetables to EEOC."

b. Benefits.—Working closely with the Government Activities and Transportation Subcommittee, the House and Senate reauthorization committees introduced legislation (H.R. 3248 and S. 1264) which required that NEH comply with this EEOC requirement by January 31, 1986. The bills passed their respective chambers on December 3, and December 4, 1985. President Reagan signed the bill on December 20, 1985.

As a result of the investigation and the report, Rep. Collins introduced H.R. 781 to provide subpoena power to the EEOC, based on a request voiced by Chairman Thomas at the hearing. The bill was later revised and will be considered as a substitute amendment. Hearings on the bill were held by the House Employment Opportunities Subcommittee of the Committee on Education and Labor.

c. Hearing.—The subcommittee held a hearing on NEH on July 25, 1984.

3. "Aviation Security: Are Our Airports Safe?" House Report No. 99–299, October 2, 1985, Sixteenth Report by the Committee on Government Operations.

a. Summary.—In light of the escalating number of international airplane hijackings, the taking of hostages, terrorist tactics related to all forms of transportation, and bombings at airports throughout the United States, the subcommittee began an investigation on the state of security conditions within the domestic aviation system. Among the incidents prompting the review were the hijackings of a TWA 727 overseas in Athens, the murder of a U.S. serviceman aboard, and the holding hostage of all the passengers; the bombing of the Frankfurt airport; the suspected sabotage of an Air India 747, which killed 329 people; and the bomb explosion in the baggage facility at Tokyo's Narita Airport.

In its report, the subcommittee noted that "Each of these incidents tragically demonstrates the vulnerability of air passengers, flight crews, airport employees, and the public at large to the murderous schemes of terrorists. They also point out that aviation security encompasses not only passengers and baggage screening at airports, but extends beyond their physical boundaries."

Some statistics from the report show the magnitude of the surveillance problem:

(a) An estimated one million passengers are flown daily on 15,000 commercial flights, utilizing 500 airports.

(b) Since 1973, when the FAA instituted a screening of passengers and their carry-on luggage, more than 30,000 firearms have been detected, with the resulting arrest of nearly 13,000 persons. In 1984 alone, over 1,600 firearms were detected and 720 persons arrested as a result of FAA-approved security at U.S. airports.

(c) An estimated 6 billion persons and more than 78.4 billion pieces of carry-on baggage have been screened since 1973.

b. Benefits.—Based on the subcommittee's recommendation, the FAA announced November 27 that effective immediately all new employees would be subject to background security checks with the measure retroactive to November 1.

c. Hearing.—A hearing was held on June 27, 1985, in Washington, D.C.

4. "FEMA's Purchase of a Radiological Training Package: An Avoidable Disaster," House Report No. 99–367, November 12, 1985, Twenty-third Report by the Committee on Government Operations.

a. Summary.—In 1983, the Federal Emergency Management Agency (FEMA) used a sole-source, non-bid contract to purchase an instructional course that had been criticized by an interagency review panel composed of radiological health experts from six Federal agencies. The training package consisted of slides, student manuals, and an instructor's guide booklet and was designed to teach lifesaving techniques to firemen responding to transportation accidents involving radioactive material. The Federal, interagency review panel was the Federal Radiological Preparedness Coordinating Committee. FEMA paid $90,000 for the approximately 100 training manuals; however, the material was never distributed.

Among the committee report's findings were the following:

a. FEMA subverted the intent of Federal contracting regulations.

b. FEMA personnel actively sought to ensure a sole-source award to the favored contractor, in spite of the existence of competing bidders, objections to the training course, and the potential harm to FEMA's reputation to firefighters and to other Federal health agencies.

The report recommended that FEMA review its contracting procedures.

b. Benefits.—By bringing to light the irregularities of this contract, the committee's report will result in a serious FEMA review of its contracting procedures.

c. Hearings.—The hearings for this report were held on March 27, 28, and April 2, 1985.

GOVERNMENT INFORMATION, JUSTICE, AND AGRICULTURE SUBCOMMITTEE

Hon. Glenn English, *Chairman*

1. "Regional Information Sharing Systems: Their Place in the National Criminal Justice System," House Report No. 99-216, July 22, 1985, Fifteenth Report by the Committee on Government Operations, Together With Separate Views.

a. Summary.—This most recent examination of the Regional Information Sharing Systems (RISS projects] program has demonstrated that, while the projects continue to deliver necessary services to State and local police organizations, there is also a growing benefit to the Federal law enforcement community. RISS project oversight by the General Accounting Office has demonstrated that RISS management is capable and that the RISS projects are in compliance with Federal guidelines. Management of RISS project funds has been improved also.

The subcommittee found that there is a growing acceptance of, and acknowledgment of a need for, the unique services provided through the RISS program.

b. Benefits.—While it is always difficult to measure the benefits of any coordination program in law enforcement, the projects submitted information that indicated a very high return of services for dollars invested. Cases coordinated by the projects have returned substantial amounts when measured in terms of narcotics seized, property recovered, and enhanced law enforcement.

c. Hearing.—A hearing was held on March 26, 1985. The hearing transcript has been printed.

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE

Hon. Ted Weiss, *Chairman*

1. "HHS' Failure To Enforce the Food, Drug, and Cosmetic Act: The Case of Cancer-Causing Color Additives," House Report No. 99-151, June 3, 1985, Eleventh Report by the Committee on Government Operations, Together With Additional Views.

a. Summary.—The *Delaney anti-cancer clause* contained in the Color Additive Amendments (the Amendments) to the Food, Drug, and Cosmetic Act prohibits the continued marketing of any color additive found to cause cancer in appropriate and relevant animal studies. The *general safety clause* of the Color Additive Amendments also requires that manufacturers provide, as a condition for continued marketing of color additives, "convincing evidence that establishes with reasonable certainty" that they are safe for their intended use. Over the past two years, FDA scientists have concluded that six color additives—FD&C Red No. 3, D&C Red No. 8, D&C Red No. 9, D&C Red No. 19, D&C Red No. 37, and D&C Orange No. 17—cause cancer in animals and present a cancer risk to humans.

These color additives remain on the market, however, because the Secretary of Health and Human Services (HHS) has refused to act on recommendations from three FDA Commissioners and the Assistant HHS Secretary for Health to ban them. On March 16, 1983, former FDA Commissioner Arthur Hull Hayes, Jr., forwarded to the Department FDA's recommendation to ban one of these dyes. This recommendation was approved by Dr. Edward N. Brandt, Jr., Assistant HHS Secretary for Health, and forwarded to the office of HHS Secretary Margaret M. Heckler on April 4, 1983. On March 30, 1984, Acting FDA Commissioner Mark Novitch recommended that Secretary Heckler ban all six carcinogenic color additives. In November and December 1984, FDA Commissioner Frank E. Young recommended that the Secretary remove five of these carcinogenic dyes from the market. Assistant HHS Secretary for Health Brandt also approved this recommendation and forwarded it to the Secretary.

The report concludes that the continued marketing of cancer-causing dyes violates both the Delaney anti-cancer and general safety clauses of the Color Additive Amendments.

The report also finds that HHS has used "patently unnecessary" scientific peer review to avoid enforcement of the law. Since the law requires manufacturers to establish that a color additive is safe, and not FDA to prove that it is unsafe, peer review confirmation of a definitive FDA finding that a dye causes cancer rarely, if ever, is justified to conclude that industry has not met its stringent burden of establishing the safety of such a dye. Despite this, HHS has permitted an inordinate amount of regulatory delay to accommodate several rounds of peer review which, after confirming the findings of FDA's scientists, have repeatedly been disregarded by Department decisionmakers. HHS is currently delaying final action on the carcinogenic dyes to complete additional scientific peer review. The report concludes that such continuing delay is indefensible.

Before 1981, the HHS Secretary had delegated to FDA all regulatory responsibility for administering the Food, Drug, and Cosmetic Act. Since then, the HHS Secretary has reserved the authority to approve FDA regulations in certain circumstances. On the basis of the color additives experience, the report finds that the Secretary has no procedures for ensuring that important FDA recommendations are reaching her in time to meet the Department's legal obligations. The report also notes that some HHS officials responsible for advising the Secretary on important public health recommendations from FDA are inadequately informed to carry out this task.

HHS also lacks any recordkeeping procedures for ensuring accountability in its review of FDA's expert findings and recommendations. The report found that the Department was unable to provide any substantive documentation supporting the Secretary's repeated refusal to implement FDA recommendations to ban the carcinogenic color additives.

The report also concludes that industry's unsubstantiated assertions of the safety of the carcinogenic color additives unduly influenced HHS decisionmakers, and that Department officials failed to keep any records of important meetings with the regulated industry.

The report also finds that the Office of Management and Budget (OMB) violated Presidential directives in urging, on behalf of the affected industry, that Secretary Heckler reject FDA's recommendations. The committee concluded that OMB had no legal authority to interfere in scientific and public health decisionmaking that Congress had reserved to HHS and its experts.

b. Benefits.—If implemented, the committee's recommendations would result in substantial improvements in the Department's management of FDA as it relates to enforcement of the health and safety protections required by the Food, Drug, and Cosmetic Act.

c. Hearing.—A hearing was held on October 5, 1984.

2. "Human Food Safety and the Regulation of Animal Drugs," House Report No. 99-461, December 31, 1985, Twenty-seventh Report by the Committee on Government Operations, Together With Additional Views.

a. Summary.—FDA's regulation of potentially toxic drugs administered to animals raised for human consumption vitally affects the quality, safety, and wholesomeness of the Nation's supply of meat, milk, and eggs. This report concludes that FDA's Center for Veterinary Medicine, which is responsible for regulating the safety of veterinary drugs, needs to make substantial improvements in assuring the safety of animal-derived food.

The report identifies several serious deficiencies in FDA's regulation of *marketed* animal drugs:

1. FDA has not removed from the market large numbers of new animal drugs that have not been approved as safe and effective, as required by law. In fact, perhaps as many as 90 percent or more of the new animal drugs in use are being marketed in violation of the premarket approval requirements of law. Moreover, FDA has established policies that specifically permit

and, in some cases, actually encourage the illegal marketing of unapproved new veterinary drugs.

2. FDA policy illegally permits veterinarians to use or prescribe new animal drugs for unapproved purposes, which increases consumer exposure to animal drug residues that have not been shown safe.

3. FDA has taken no action to withdraw the approval of several potentially unsafe animal drugs that cannot be shown safe within the meaning of the Food, Drug, and Cosmetic Act. The number of veterinary drugs for which safety problems have been uncovered is rising every year. FDA is increasing need of additional resources to undertake the administrative actions required to withdraw the approvals of potentially unsafe veterinary drugs.

4. FDA has failed to require drug sponsors to develop adequate methods for detecting animal drug residues in milk and edible animal tissues for more than 70 percent of the drug residues with established tolerances that USDA has statutory responsibility for monitoring. The law, however, requires a sponsor to develop such methods as a condition for continued approval of a new animal drug for use in food-producing animals.

5. The majority of animal drugs in use were approved years ago according to safety standards now considered adequate. Nonetheless, FDA canceled a program designed to ensure that these drugs were supported by adequate safety data, and that tolerances for their residues in our food supply sufficiently protected the public health.

6. FDA has committed insufficient resources to stemming the widespread, illegal over-the-counter sales of highly toxic veterinary prescription drugs.

The report also finds that FDA, in assuring the availability of new animal drugs to veterinarians and the livestock industry, has repeatedly disregarded its statutory responsibility for requiring an adequate demonstration of safety and efficacy prior to approving new animal drugs for marketing. For example, FDA illegally permitted the use of albendazole, an unapproved new animal drug, in millions of cattle for almost 5 years, because no other drug was available to treat liver flukes in cattle and sheep. FDA did not have this drug recalled until several months after it was found by agency scientists to cause cancer in animals and years after inadequate controls over its misuse were reported. The agency almost immediately replaced albendazole with clorsulon, a veterinary drug whose accelerated approval violated Federal environmental requirements as well as agency review procedures that would have ensured more thorough review of clorsulon's safety, particularly its potential carcinogenicity.

The report concludes that FDA officials, in their acknowledged desire to accelerate approvals and enhance the availability of new animal drugs, have plainly neglected their responsibility for enforcing the human food safety protections of the Food, Drug, and Cosmetic Act.

b. Benefits.—Implementation of the committee's recommendations would substantially enhance FDA's capacity to meet its legal responsibilities for protecting consumers from potentially unsafe residues in their supply of meat, milk, and eggs.

c. Hearings.—Hearings were held on July 24 and 25, 1985.

3. "The Federal Response to the Homeless Crisis," House Report No. 99-47, April 18, 1985, Third Report by the Committee on Government Operations, Together With Dissenting Views.

a. Summary.—Homelessness has become an emergency crisis in the United States, yet the response to the problem from all levels of Government has not been commensurate with the overwhelming need of homeless men, women, and children. During the second session of the 98th Congress, the subcommittee investigated the Federal response to the homeless crisis.

In October 1983, the Department of Health and Human Services (HHS) created the Federal Interagency Task Force on Food and Shelter for the Homeless. The task force was established to coordinate the Federal response to homelessness. The primary function of the task force was to facilitate the provision of surplus Federal property, food, and supplies to be used as emergency food and shelter. HHS was joined on the task force by 14 other Federal departments and agencies.

The subcommittee's investigation also examined other programs which, in part, provide assistance to the homeless. These included the Federal Emergency Management Agency's (FEMA) Emergency Food and Shelter Program, the Department of Agriculture's Food Stamp Program, the Social Security Administration's Supplemental Security Income, Disability Insurance and Aid to Families with Dependent Children Programs, pension and benefits programs of the Veterans' Administration, the Department of Housing and Urban Development's subsidy and assistance programs and the HHS Community Services Block Grant and Social Services Block Grant Programs.

The subcommittee's major finding was that the Federal response to the homeless crisis had been inadequate, disorganized, and ineffective. The promise of providing surplus property and supplies to the homeless was never fulfilled. For example, of $8 million appropriated by Congress for the Department of Defense to provide empty military barracks for emergency shelter, $7.1 million was unspent, and later transferred for unrelated military expenditures.

The FEMA program was well managed, but its funding of $70 million a year falls drastically short of the need for financial assistance to the homeless. Homeless services in New York City alone cost more than $217 million in fiscal year 1985.

The other programs reviewed by the subcommittee did little for the homeless. Outreach to locate and assist homeless individuals or families was rarely conducted. As a result, the majority of homeless Americans receive no benefits from the Federal Government, even though they appear eligible for assistance.

The subcommittee's report also noted that the homeless population is increasing by as much as 38 percent a year, and may be at the 3 million mark. This population includes increasing numbers of minorities, women, and children.

Despite the increase, the White House ignored the warnings contained in a confidential report from HHS to the President, a report that called for more assistance. The White House did not bother even to respond to the report, even though it was prepared directly at the President's request.

The subcommittee recommended that the President issue an Executive order, declaring homelessness a national emergency, and directing all Federal components to prioritize the use of available resources to expedite assistance to the homeless. The subcommittee also recommended that national outreach efforts be conducted at every appropriate department and agency to seek out and assist the homeless.

b. Benefits.—The committee's report, for the first time, exposed the alarming magnitude of the homeless crisis, and contributed to the massive increase in local efforts to assist the homeless. Although the administration has not broadened its efforts to assist the homeless, the report helped stir debate in Congress and, as a result, both Houses are currently considering legislation to expand Federal aid for the homeless.

c. Hearings.—Hearings were conducted on October 3, November 20, and December 18, 1984, and have been printed.

4. "Investigation of Civil Rights Enforcement by the Office for Civil Rights at the Department of Education," House Report No. 99-458, December 30, 1985, Twenty-fourth Report by the Committee on Government Operations, Together With Separate Views.

a. Summary.—The Office for Civil Rights (OCR) at the Department of Education (DOEd) is responsible for enforcing Federal laws that prohibit discrimination based on race, national origin, sex, handicap, or age in all education programs and activities funded by the Federal Government. Specifically, this enforcement power is authorized by Title VI of the Civil Rights Act of 1964 (race, color, national origin); Title IX of the Education Amendments of 1972 (sex); Section 504 of the Rehabilitation Act of 1973 (handicap); and the Age Discrimination Act of 1975.

OCR is also required to conduct investigations according to certain time frames and procedures mandated under an order imposed by the U.S. District Court for the District of Columbia in *Adams* v. *Califano*.

OCR enforces the laws by bringing cases before a DOEd administrative law judge, thus seeking the termination of Federal fundings to the violating party, or referring cases to the Department of Justice (DOJ), which then enforces the laws by seeking court orders.

The subcommittee began an investigation of civil rights law enforcement at DOEd during the second session of the 98th Congress. The subcommittee's major finding was that OCR and DOJ have failed to obtain complete enforcement remedies in cases where serious violations of law were found. Cases referred to DOJ languished for as long as 3 years with no action taken. In other cases brought before administrative law judges, OCR accepted settlements that did not correct the violation of law found prior to the administrative action.

The subcommittee also found that settlements reached by OCR prior to the initiation of an investigation were not always in accordance with Federal law and DOEd regulations.

The investigation also showed that OCR had switched from a performance standard to a good faith standard in determining the success of higher education desegregation plans. Other findings of the investigation also demonstrated a general weakening of DOEd's civil rights law enforcement posture.

b. Benefits.—Subsequent to the subcommittee's hearings, OCR initiated enforcement action in several cases that had been unresolved for many years. OCR also began a study of its settlement actions to ensure that they were in accordance with Federal laws and regulations.

c. Hearings.—Hearings were conducted on July 18 and September 11, 1985.

5. "Federal and State Roles in Economic Stabilization," House Report No. 99-460, December 31, 1985, Twenty-sixth Report by the Committee on Government Operations, Together With Dissenting Views.

a. Summary.—This report is the result of a subcommittee study of Federal and State roles in economic stabilization, or antirecession policy. The subcommittee has periodically reviewed Federal countercyclical policy and the role of State and local governments, first in 1977 and again in 1979 and 1982. In light of the deep recessions of 1981-83 and innovations at the State and local level, the subcommittee felt that a review of antirecession policy would be timely. In addition to staff research, the report relies on testimony gathered at two hearings in the fall of 1984. The investigation covered the following issues:

1. What have been the strengths and weaknesses of past Federal countercyclical policy during recession?
2. Should Federal countercyclical policy be redesigned in order to increase its efficacy?
3. Do State economic stabilization or "rainy day" funds serve as a useful model for Federal countercyclical policy or could they constitute an integral component of an effective Federal-State countercyclical strategy?
4. What would be the cost of reinstating Federal countercyclical assistance to State and local governments and how might it be financed?

The report finds that the economy has continued its historical pattern of boom and bust cycles, experiencing eight recessions since World War II. A variety of past Federal initiatives used aid to State and local governments as a form of fiscal insurance and to stimulate the economy, but no such stabilization policy is now in place.

In part, as a response to this void in Federal policy, 29 States have established "rainy day funds" which allow them to save money when the economy is doing well so that it is available during recession. While this is a promising innovation, the report also finds that most States do not have the capacity to weather recession with only their own resources.

The report recommends that a Federal antirecession policy be considered that would encourage the expansion of States' capacity to weather recession through the use of rainy day funds. Other Federal policies should also be reviewed with a countercyclical strategy in mind, including the unemployment insurance system, the timing of Federal adjustments of AFDC payments to States, and Federal restrictions on arbitrage earnings. The key to such a strategy is to *retime* Federal and State expenditures to be countercyclical, not to further strain the Federal budget through a major new initiative.

The report also recommends that States develop their own countercyclical policy by reviewing their tax, spending, and labor market adjustment policies, as well as policies designed to diversify the State's economy.

b. Benefits.—If implemented, the subcommittee's recommendations would enhance the capacity of both the Federal and State governments to develop and implement effective countercyclical policies and programs.

c. Hearings.—Hearings were held in Lansing, Michigan, on November 29, 1984, and in Washington, D.C., on December 12, 1984.

6. "Opportunities for Self-Sufficiency for Women in Poverty," House Report No. 99-459, December 31, 1985, Twenty-fifth Report by the Committee on Government Operations, Together With Dissenting Views.

a. Summary.—In view of the increasing number of women and children living in poverty and the emerging policy debate on ways to promote self-sufficiency for these families, the subcommittee initiated a review of the barriers to economic independence for women on AFDC and Government efforts to maximize opportunities for women to create a path out of poverty. The findings in this report are based on 2 days of hearings and an extensive General Accounting Office review of the policies and programs of HHS' Office of Family Assistance.

The issue of promoting self-sufficiency among poor women is complex and defies simple solutions. The committee found that while many women on AFDC desire to be self-sufficient, they face serious obstacles in their attempt to escape poverty including inadequate child care, restricted access to education and training, and limited opportunities for better paying, stable jobs. The report concludes that welfare-employment programs must address these obstacles if they are to help women leave the welfare rolls by route of employment.

In addition, the committee found that current Federal and State work-welfare programs fail to serve adequately women who are long-term recipients of welfare, particularly those whose tenure on welfare begins as a result of adolescent pregnancy. Although these recipients constitute a minority of the caseload, they account for more than half of the AFDC program's expenditures. The committee recommends that comprehensive and well-targeted services be provided to these women who generally face multiple barriers to employment.

The report outlines a number of successful and exciting work programs being operated on the State and local levels. Many of them have incorporated innovative features including expanding the range of training and employment options offered to recipients, ensuring the availability of support services, integrating welfare policy with economic development policy, and promoting self-employment.

But while many State programs are beginning to produce positive results, most have been operative for less than 3 years, and, for many, evaluations are preliminary. Consequently, the committee found that existing data is not available to support legislative proposals, such as the one advanced by the Department of Health and Human Services, which impose sweeping and largely untested program mandates across the country. Instead, the committee recommends that the Federal Government continue to permit States flexibility to design programs that best meet the needs of their welfare population while at the same time, providing adequate resources, technical assistance, and support for rigorous evaluations of these efforts.

b. Benefits.—The report's recommendations for Federal and State policies that foster innovative education, training, and job placement programs for women receiving AFDC would result in substantial reductions in overall welfare expenditures.

c. Hearings.—Hearings were held July 9 and 10, 1985. The hearings have been printed.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES SUBCOMMITTEE

Hon. Mike Synar, *Chairman*

1. "Strategic Petroleum Reserve: Budget and Policy Implications of the Proposed Moratorium," House Report No. 99-150, May 30, 1985, Tenth Report by the Committee on Government Operations, Together With Additional Views.

a. Summary.—This report described the potential budget, energy security, and other policy impacts of the administration's proposed "indefinite moratorium" on further oil fill and development of the Strategic Petroleum Reserve (SPR) at the end of fiscal year 1985, when the Reserve was expected to hold 489 million barrels. The report made the following recommendations:

(1) The goal of a 750-million barrel Strategic Petroleum Reserve in 1990 should be maintained.

(2) To ensure that sufficient storage capacity is available when needed, the SPR site development program should be continued as previously planned prior to the administration's moratorium proposal.

(3) The Strategic Petroleum Reserve should continue to be filled at a rate that would not trigger statutory sanctions resulting in the loss of billions of dollars of Naval Petroleum Reserve oil sale revenues. Further, the committee supports SPR fill beyond the 500 million barrels needed to avoid the NPR sanctions, at a rate that ensures sufficient flexibility to meet U.S. energy security needs, and to take advantage of attractive world oil prices.

(4) The appropriate authorizing committees of Congress should give serious consideration to specifically earmarking the more than $1 billion in annual revenues from the sale of Naval Petroleum Reserve oil for the purchase of Strategic Petrolum Reserve oil. In this way, NPR revenues could be used to

offset the cost of filling the SPR, thus assuring replenishment of the Nation's emergency oil reserves.

(5) The Department of Energy should elucidate its policy with respect to Department of Defense access to Strategic Petroleum Reserve oil supplies in an energy supply disruption.

b. Benefits.—Millions of Federal dollars have been invested in SPR. The committee report addresses the most cost-effective means of proceeding with the fill and construction of SPR. However, it is impossible to estimate the exact monetary savings which have resulted.

c. Hearings.—The subcommittee held hearings in Beaumont, Texas, on March 15, 1985, and Washington, D.C., on April 1, 1985. Transcripts have been printed.

2. "Office of Surface Mining: Beyond Reclamation?" House Report No. 99-206, July 17, 1985, Twelfth Report by the Committee on Government Operations.

a. Summary.—In 1985, the subcommittee conducted a followup investigation to determine what progress, if any, was made by the Office of Surface Mining in resolving the grave problems that have plagued administration of the Surface Mining Control and Reclamation Act of 1977 by the Department of the Interior. The Surface Mining Act was enacted to protect the environment from the adverse impact of irresponsible mining practices of some coal operators.

In 1984, the committee issued a report detailing flaws throughout the program, particularly with respect to the assessment and collection of civil penalties owed under the Act. The committee concluded that the Department of the Interior had "failed miserably to efficiently and effectively carry out its responsibilities for assessing and collecting civil penalties and for implementing other enforcement provisions of the Surface Mining Control and Reclamation Act," and that, as a result, OSM had failed to establish itself as a "credible regulatory agency."

In 1985, the committee found that little significant progress had been made since issuance of the 1984 report and concluded that if "no demonstrable improvement" can be shown within 6 to 9 months, Congress should "consider transferring administration of the program from the Department of the Interior to another, appropriate regulatory agency."

In 1984, the committee had determined that the total amount of uncollected penalties for violations of the Act had been underestimated by the Department of the Interior. The subcommittee found that out of a total of at least $150 million of assessed civil penalties, OSM had actually collected only about $6.8 million.

The committee's 1984 report identified management problems throughout the Department, including inordinate delays, inadequate implementation of other enforcement provisions of the statute, management inefficiencies and a failure to follow sound debt collection principles, which resulted in the Department's inability to collect the money owed. The committee determined that many of these problems were the result of "either the lack of a full understanding, or a conscious disregard, of the requirements of the statute," and concluded that "it will require a sustained and vigorous effort throughout the Department, including the Secretarial level, to undo the damage resulting from years of inattention and misdirection." The committee provided a detailed list of recommendations for improvements in OSM's program, in six broad categories: (1) the development of an aggressive approach to identifying problems; (2) the elimination of delays at virtually every step in the process by which coal operators are notified of violations and assessed civil penalties; (3) the implementation of collection techniques that are less time-consuming and labor-intensive than filing cases in court; (4) the development of regulatory credibility by "prompt and effective use of other statutory remedies contained in the Act," such as injunctions, individual civil penalties, and criminal penalties; (5) the full utilization of automatic data processing capability; and (6) the application of sound debt collection principles, including implementation of the Debt Collection Act of 1982.

The 1985 investigation demonstrated that there has been little measurable progress in collecting the $150 million of uncollected penalties; on the contrary, the size of the debts receivable had grown while the collection rate had declined. Indeed, the estimate of penalties owed was adjusted upward to $200 million. Debts receivable had increased by $12 million—from $78 million to $90 million and, during that same period, the Department's overall collections rate declined from 9 percent to 7.8 percent.

Most significantly, the committee found that an increasing number of sites have escaped the regulatory system and have been left abandoned and unreclaimed.

Thus, despite sufficient time for OSM to show substantial improvement in its operations, the conclusions reached by the committee in 1984 continued to be applicable in 1985.

In summary, the continuum of inactivity at the Office of Surface Mining—including the virtual breakdown of the civil penalty collection system, the failure to comply with Federal court orders requiring implementation of the Act, and the Department's tepid response to the dozens of specific committee recommendations—evidenced an agency either hesitant or unable to carry out its regulatory responsibilities.

b. Benefits.—The failure of the Office of Surface Mining to eliminate the problems plaguing its program for the collection of civil penalties will, in all likelihood, result in the forfeiture of the more than $200 million, plus interest, currently owed the public Treasury. Consequently hundreds of millions of dollars in potential savings remain unrealized. In addition, an estimated 6,000 mine sites have fallen through the "regulatory cracks," with the result that they have been left abandoned and unreclaimed. These sites are generally ineligible for reclamation funds under Title IV of the Act, and therefore, in most cases, money will be unavailable for reclamation. Unless OSM's regulatory system is put in order, the number of such unreclaimed sites can be expected to increase, with resulting damage to valuable land and water resources, and future demands for money from the public to pay for restoration costs.

c. Hearing.—The Subcommittee held a hearing on March 21, 1985. The transcript has been printed.

3. "Indian Oil and Gas Royalty Payments: Problems Persist," House Report No. 99-214, July 19, 1985, Thirteenth Report by the Committee on Government Operations.

a. Summary.—The Department of the Interior has a trust responsibility to Indians to ensure the timely collection and distribution of mineral royalties from Indian owned lands. In recent years, Indian tribes and individual Indian landowners (allottees) have grown more dependent on mineral royalties as a major source of financial support. Consequently, problems with timely and accurate collection and distribution of royalty payments create hardships for many individual Indians.

The subcommittee conducted an investigation and hearing with regard to the Department's handling of oil and gas royalty payments to Indians, focusing on payments to allottees. The investigation was prompted by a large number of complaints from Indians in the Anadarko, Oklahoma, area that their checks, which are collected and processed by the Department of the Interior, were late and inaccurate. The committee found many deficiencies in the program.

In 1982, Congress approved the Federal Oil and Gas Royalty Management Act (FOGRMA), to eliminate the "disarray" in royalty recordkeeping for Federal and Indian oil and gas leases that had persisted for more than 20 years. However, the subcommittee investigation revealed that, almost 2½ years later, key sections of the Act had not been implemented by the Department of the Interior. Also, the Department had failed to accomplish the objectives and purposes underlying FOGRMA as they relate to individual Indian mineral owners.

Effective October 1983, the Department of the Interior was required under FOGRMA to provide Indian royalty owners with basic information regarding the oil and gas production on which royalty payments are based. At the time of the subcommittee's hearings, this statutory requirement had not been implemented. As the report notes, there is only partial compliance by the Department.

A comprehensive royalty audit system is a primary means of identifying underpayments, overpayments, and nonpayment of oil and gas royalties. In previous years, audits typically discovered underpayments of royalties. Yet, despite the statutory requirement to establish a comprehensive auditing system, Indians do not have confidence in the Department's program for auditing their leases.

The subcommittee also found that the Department of the Interior has not yet utilized the enforcement provisions contained in FOGRMA. These provisions were intended to expand the Government's legal authority to impose sanctions for late payment and nonpayment of royalties, and to provide needed flexibility to the Department. But, because the Department has not availed itself of these authorities, they are not serving their intended purpose.

The subcommittee identified other instances in which the Secretary has failed to carry out aggressively his trust responsibility in the administration of Indian oil and gas. For example, Interior's failure to properly adjust accounts for royalty overpayments, despite internal Department admonitions that such payments pose a "critically serious problem," will cause hardship for many individual Indians in the future. Likewise, the failure to properly distribute interest on special deposit accounts deprives Indians of money that rightfully belongs to them. In addition, the Department consciously approved a policy to adopt procedures relating to oil and gas royalties whereby priorities would be set on a highest-dollar-first basis, despite the fact that such a policy could constitute possible dereliction of Government trust responsibilities to Indians.

After the subcommittee's hearings, the Secretary of the Interior published a plan for the royalty management program. The Department is relying heavily on this plan to resolve problems associated with Indian royalty payments. However, as stated in the Royalty Management Plan dated April 1985, and distributed in June, "the earliest that the more significant results can be fully experienced . . . is about 14 months." The plan provided to Congress did not explain specifically how the problems affecting Indian allottees identified in the committee's report will be resolved and when they will be resolved.

The report offered several recommendations designed to move the Department toward full implementation of the requirements of the Federal Oil and Gas Royalty Management Act and to eliminate certain impediments to a workable program for the administration of Indian oil and gas royalties. Apparently many of these recommendations could be implemented without the enhanced computer capacity. As a result of the committee report, the Department took important steps to improve its audit program.

b. Benefits.—Over $12 billion in oil gas, coal, and other minerals have been extracted from Indian-owned lands over the past 50 years. During this same period, royalty revenues to Indians for those resources amounted to over $1.4 billion—about half of which was earned in just the last 4 years. The Department of the Interior has a trust responsibility to Indians to ensure the timely collection and distribution of these Indian mineral royalties. The failure to properly collect these funds results in a direct loss of income to Indians and subjects the Department to costly suits for failure to carry out its trust responsibilities. The monetary savings which might result from compliance with the recommendations in the committee report cannot be determined.

c. Hearing.—The subcommittee held a hearing in Midwest City, Oklahoma, on April 8, 1985. The transcript has been printed.

COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE

Hon. Doug Barnard, Jr., *Chairman*

1. "Federal Enforcement of Textile and Apparel Import Quotas," House Report No. 99-305, October 7, 1985, Seventeenth Report by the Committee on Government Operations, Together With Separate and Dissenting Views.

a. Summary.—This report examines the enforcement of the 28 bilateral restraint agreements entered into pursuant to the Multi-Fiber Arrangement by the United States with countries which export textiles and apparel to us. The report demonstrates that one major reason for the recent influx of textile and apparel and imports is the outdated structure and ineffectual enforcement of the Multi-Fiber Arrangement. Much of the growth in imports has been in uncontrolled fibers, in imports from uncontrolled countries and in imports of uncontrolled categories from bilateral agreement countries. The report also examines the enforcement role of the U.S. Customs Service and the nature and extent of problems faced by the Customs Service in dealing with textile and apparel quota fraud. The report demonstrates that at current resource levels, the Customs Service is unable to prevent significant and damaging violations of the textile and apparel quota restraint system. The size of the Customs workload is staggering and has increased markedly in recent years, while the agency's staff resources have remained static or have decreased. The report finds that, given its ever-increasing responsibilities and its present resources, Customs is simply too thin and is unable to cope with the workload placed upon it.

The textile, fiber and apparel industries are basic and essential to the U.S. economy, generating $45 billion in gross national product last year and providing jobs for 2.3 million people, or about 1 in every 8 workers in manufacturing. Because of the critical role of these industries to our domestic economy in a world of increasing competition from imports, an elaborate system of treaties, laws, and regulations has been worked out to provide a fair share of the market to imports and at the same time encourage strong domestic industry. However, in the light of current trade trends, these agreements and their enforcement by the Customs Service, among other agencies, have proved to be inadequate.

During the past 3 years, textile imports have increased at the fastest rate in history, and the industry has lost irreplaceable productive capacity and thousands of jobs. Although the U.S. textile industry is the most efficient and most modern in the world, it also pays higher wages than its foreign competitors. These foreign competitors also often benefit from subsidies and protectionist measures by foreign governments to prevent real competition. Textile trade agreements between the United States and foreign exporting nations have not controlled the import tide. These agreements and other provisions designed to control imports are increasingly subject to circumvention and evasion.

b. Benefits.—The hearings and report on this investigation contributed to the congressional debate on funding levels for the U.S. Customs Service and on the textile and apparel import bill passed by the House of Representatives shortly after adoption of the report. The recommendations contained in the report will also contribute to more effective enforcement of textile and apparel import quotas, to negotiating a stronger new Multi-Fiber Arrangement and to more effective enforcement of other provisions contained in agreements entered into under the Multi-Fiber Arrangement.

c. Hearings.—Hearings were held on November 28, 1984, and on March 6, 1985. They have been printed.

2. "Federal Regulation of Direct Investments by Savings and Loan Associations," House Report No. 99-358, Twenty-first Report by the Committee on Government Operations, Together With Separate Views.

a. Summary.—Several States have recently granted broad direct investment powers to their State-chartered savings and loan associations, permitting them to make substantial equity investments in real estate development projects and corporate equity shares. The Federal Home Loan Bank Board, which regulates all S&L's having Federal deposit insurance, has found, however, that such equity investments are sometimes highly risky and have caused severe losses and some very costly failures among State-chartered institutions. In order to regulate this activity and protect the FSLIC insurance fund from further losses, the FHLBB acted in early 1985 to require all State-chartered S&L's to obtain prior Federal approval before investing more than 10 percent of their assets in such direct investments, regardless of the level of direct investment permitted under their respective State laws.

The FHLBB rule was widely challenged in the S&L industry on the ground that it would impair S&L profitability and infringe on State rights. After hearings and extensive further investigation, the subcommittee approved a report finding that the high risks in certain kinds of direct investment could cause additional S&L failures and significantly increase the drain on the already depleted FSLIC insurance fund. The report found the FHLBB's prior approval rule to be jusified, at least as a temporary measure until the FSLIC insurance fund could be restored to a stronger position.

The report also found, however, that prudent direct investments, in the hands of sound management, could significantly enhance S&L profitability on average and thereby contribute importantly to recapitalization of the weakened S&L industry. For this reason, the report concluded, controlled direct investment expansion should be encouraged over the long run as long as adequate controls are maintained so that the failures of unsuccessful institutions do not threaten the FSLIC insurance fund or the stability of the financial system. The FHLBB's direct investment rule, although appropriate as a temporary measure, should not be retained as a permanent regulatory constraint.

b. Benefits.—At stake in this issue is the continued solvency of the Federal Savings and Loan Insurance Corporation, whose reserves are dangerously low. This report, by endorsing responsible Federal control over the risks incurred by institutions acting under State law, will alleviate industry and congressional pressures that could have been disastrous for the FSLIC.

c. Hearings.—Hearings were held February 27 and 28, 1985, and have been printed.

3. "The Role of the Overseas Private Investment Corporation," House Report No. 99-359, November 5, 1985, Twenty-second Report by the Committee on Government Operations, Together With Additional Views.

a. Summary.—OPIC is an independent Federal agency (under the policy guidance of the Secretary of State), which promotes development in the Less Developed Countries (LDC's), primarily by insuring U.S. investment abroad against political and economic risks—mainly war/civil strife, expropriation/nationalization, and currency inconvertibility—and, secondarily, by financing certain investments through loans and guarantees. In addition, OPIC encourages U.S. investment through investment seminars, feasibility studies, and investment missions. The subcommittee examined OPIC's insurance and investment encouragement programs.

OPIC plays an important role in the economic development of the Third World by stimulating and facilitating U.S. corporate investment in the LDC's. OPIC has been very profitable in the last several years, and in many ways but not all instances, has operated effectively. However, OPIC has not effectively implemented important statutory mandates that require it to emphasize investment in the poorer LDC's, screen out investments that harm the U.S. economy, and cooperate with the private insurance sector.

For example, the report found that OPIC has "grossly neglected" to adequately screen proposed projects under several statutory directives prohibiting OPIC support of any project adversely affecting U.S. trade and employment. In fiscal year 1984, OPIC insured or financed at least 17 investments in industry sectors considered by the Federal Government as particularly trade sensitive where there could be negative effects on the U.S. economy and employment (including nine electronic projects, two fertilizer plants, a gold and silver mining facility, a textile apparel plant, and a tire plant), without obtaining crucial information on U.S. employment in the industry sectors involved or on the possibility of runaway plants.

The report concluded that OPIC has been rapidly changing its orientation, from that of a self-sustaining Government agency whose primary goal is development in the least developed Third World, to a private sector type of firm concerned with profits and the penetration of markets in upper income LDC's. The committee found that this changed orientation (1) detracts from OPIC's essential mission to promote development in the poorer LDC's, (2) results in greater risks due to insufficient country-by-country diversification and also in noncompliance with statutory mandates, (3) causes unnecessary competition with private sector insurers, and (4) is unnecessary to OPIC's financial stability because risks in the poorer LDC's have not been greater than in the middle and high income LDC's.

The report recommended the following: (1) OPIC should be guided by its primary statutory directive to conduct its insurance operations with due regard to the principles of risk management, in order to protect its reserves and the full faith and credit of the U.S. Treasury, and take specific corrective actions to implement this directive; (2) OPIC should emphasize U.S. investments in the poorer LDC's; (3) OPIC should decline assistance, as necessary, to protect sensitive U.S. industry sectors, to further U.S. balance of payments and employment objectives; (4) OPIC should cooperate with and not unnecessarily compete against private risk insurers; and (5) OPIC should improve its service to and insurance coverage for U.S. corporations, including solving excessive delays in its application process and filling in gaps in its existing coverage.

b. Benefits.—The report was issued during congressional consideration of OPIC's reauthorization. The report was quoted during Senate floor debate, and the report was instrumental in several key amendments to the OPIC reauthorization, by the full Senate and by the House Foreign Affairs Committee. Together with these amendments, the report's recommendations, if implemented, could prevent losses of U.S. employment through the transfer of "runaway" plants abroad, could prevent potential losses to the U.S. Treasury (which could easily amount to hundreds of millions of dollars), and could promote development and a better standard of living in some of the poorer nations in the world.

c. Hearing.—A hearing was held on June 13, 1985, and has been printed.

EMPLOYMENT AND HOUSING SUBCOMMITTEE

Hon. Barney Frank, *Chairman*

1. "OPM's Questioning of Nonpartisan State Voter Registration Activities Constitutes a Misuse of the Intergovernmental Personnel Act," House Report No. 99-48, April 18, 1985, Fourth Report by the Committee on Government Operations, Together With Additional Views.

a. Summary.—The report criticizes the Office of Personnel Management (OPM), and its then Director Donald Devine for improperly interfering in the election process during the fall of 1984.

On September 24, 1984, Devine sent letters to the governors of Texas, Ohio, and New York suggesting that State voter registration efforts may be in violation of the Intergovernmental Personnel Act (IPA) and threatening that Federal funds could be cut off if the States continued the registration drives. The report concludes that OPM's September 24 letters to the governors of those States "constituted a selective application and misuse of the IPA."

The report finds that the State voter registration activities in question in Texas, Ohio, and New York were legitimate and do not violate the IPA. These voter registration programs, mandated in Texas by a law passed by the State Legislature and approved by the Justice Department under the Voting Rights Act, and established by executive order in Ohio and New York, make voter registration easier by assuring wide availability of registration forms.

b. Benefits.—The report exposes partisan manipulation of the IPA by the OPM Director to intimidate legitimate voter registration activities in three States in the critical two-week period before the registration books closed for the Presidential election.

In September 1985, almost a year after the subcommittee's investigation and hearing on which the report is based, OPM itself concluded that there was no evidence of wrongdoing by the States in violation of the IPA.

c. Hearing.—A hearing was held on October 24, 1984, in Washington, D.C., and has been printed.

2. "OSHA's Failure To Protect the Health and Safety of Workers at Hazardous Waste Sites," House Report No. 99-140, May 21, 1985, Ninth Report by the Committee on Government Operations.

a. Summary.—The control, storage, disposal, and cleanup of toxic wastes is a large and growing problem that presents serious—and often unknown—dangers to the workers employed at these sites. The report finds that the Occupational Safety and Health Administration (OSHA), established to protect the health and safety of workers, has failed to protect adequately the workers in this uniquely hazardous industry.

The report makes recommendations on several aspects of the problem. It urges OSHA to develop and enact a comprehensive standard, utilizing the expertise of the Environmental Protection Agency (EPA), National Institute of Occupational Safety and Health (NIOSH), and a labor-management advisory group. Pending issuance of a new standard, OSHA should accelerate enforcement of existing standards that are applicable to hazardous waste sites. OSHA should promptly revise its system for targeting health and safety inspections, which currently emphasizes manufacturing industries, so that toxic waste sites will receive appropriate attention.

The committee also recommends that OSHA field personnel be more responsive to informal complaints of serious health and safety hazards and that they should include representatives of workers when making inspections of hazardous waste sites and that these inspections should be comprehensive rather than partial.

Based on testimony showing that municipal firefighters are frequently endangered when summoned to fires and other emergencies at toxic waste sites, the committee recommends that OSHA's jurisdiction be broadened to provide training and equipment to fire departments

Other recommendations pertain to the need for expanded training of OSHA employees and workers in the hazardous waste industry. The committee also proposes that OSHA broaden its hazard communication standard beyond the manufacturing industries to cover the hazardous waste industry.

b. Benefits.—In the Superfund Amendments of 1985, as passed by the House on December 10, 1985, Sec. 126—Worker Protection Standards—directs the Secretary of Labor to establish health and safety standards for hazardous waste workers, including State and local employees. It also proposes increased training, as recommended by the committee report. This legislation includes hazard communication language that strengthens current OSHA regulations.

In response to the report, OSHA informed the subcommittee that it is giving increased attention to the health and safety of hazardous waste workers, especially the need for hazard communication, improved targeting of inspections, and establishment and enforcement of personal protective equipment standards. Additional cooperation with other Federal agencies on behalf of hazardous waste workers, as recommended by the report, is also underway. While the full benefits of these actions cannot be measured at this time, they will undoubtedly contribute to the safety and health of thousands of workers in a large and dangerous industry.

c. *Hearing.*—A hearing was held on March 27, 1985, in Washington, D.C., and has been printed.

3. "Job Corps Program: Its Benefits Outweigh the Costs," House Report No. 99-215, July 22, 1985, Fourteenth Report by the Committee on Government Operations, Together With Dissenting Views.

a. Summary.—The report finds that proposals to eliminate or significantly cut the Job Corps program are short-sighted, ill-advised, and will add to Government costs in the long run.

The Jobs Corps, which was established more than 20 years ago as part of President Johnson's War on Poverty, provides an intensive, primarily residential training program for our most disadvantaged young people.

The committee concludes that the benefits of the Jobs Corps program outweigh its costs, that it represents a good investment of tax dollars, and that the program should be continued, even in a time of budgetary restraint.

The report finds that the success rate of the Jobs Corps is remarkable, particularly considering the group of people it serves. In 1984, 75 percent of all enrollees moved on to employment in the private sector or the military, returned to school to further their education or enrolled in other training programs.

With a budget of a little more than $600 million, the Job Corps serves some 100,000 youth per year. While the cost of the Job Corps is high as compared to many other youth training programs, the report finds such a comparison to be misleading since no other program serves as disadvantaged a population or offers the breadth of services of the Job Corps.

According to the highly regarded Mathematical Study of the Job Corps' costs and benefits, the returns to society are $1.46 per each dollar invested in terms of increased tax revenues, reduced welfare payments, and reduced crime costs.

Without judging the merits of programs like the Job Training Partnership Act (JTPA), there is simply no alternative at present for the severely deprived youth who enroll in the Job Corps. The Job Corps is often the last hope of many of these youngsters, and it is not reasonable for the Federal Government to tell them to look elsewhere, to other programs that are ill equipped to serve this group.

b. Benefits.—The report was a factor in Congress successfully resisting administration efforts to eliminate or significantly reduce the Job Corps program. Without the Job Corps program, many of society's most helpless and disadvantaged youth would be destined to a life of poverty and despair and a burden forever on taxpayers.

c. *Hearings.*—Hearings were held on September 26, 1984, and May 23, 1985, in Washington, D.C. These hearings have been printed.

B. OTHER INVESTIGATIONS

LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

1. Review of Department of Education Inspector General Audits of the Bilingual Education Program.

a. Summary.—In response to complaints from school districts in the State of Texas, the subcommittee reviewed the quality of several audits conducted by the Department of Education Office of Inspector General. The districts alleged that the audits, which recommended the return of $5.9 million in bilingual education grant funds to the Federal Government, were, in the words of one recipient, "grossly erroneous."

Specifically, the districts complained that the auditors involved were unfamiliar with the program, were not following approved audit guidelines, ignored departmental regulations governing the program, misinterpreted the relevant Federal statutes, and purposely attempted to question as many expenditures as possible. At the request of the subcommittee, the General Accounting Office conducted an evaluation of the audits in question.

The subcommittee's review revealed serious problems with the Inspector General's audits—auditors misinterpreted the relevant laws and regulations, failed to provide sufficient evidence to support their findings and recommendations, and failed to follow Government audit standards.

Responding to the GAO report in a letter to the subcommittee, the Inspector General described the actions he has taken to improve the operation of his office. The subcommittee has monitored the implementation of these corrective measures.

b. Benefits.—The identification and correction of the deficiencies that led to the substandard audits will improve the efficiency and effectiveness of the Inspector General's operations.

c. Hearings.—No hearings were held on this matter.

2. Review of Recoupment of Nonrecurring Charges Under Foreign Military Sales.

a. Summary.—The subcommittee continues this review to determine whether DOD continues to subsidize foreign military sales at taxpayers' expense, or whether research, development, test and evaluation costs, and other nonrecurring production costs have been accurately identified; and whether pro rata nonrecurring costs recoupment charges have been properly computed for major defense equipment. A subcommittee hearing on this issue on May 6, 1981, found that DOD failed to recover research, development and production costs on foreign military sales. An audit report of November 4, 1985, by the DOD Office of Inspector General showed that the procedures for developing nonrecurring charges lacked the specificity needed to more accurately identify allowable costs and establish recoupment rates for sales to foreign customers.

b. Benefits.—It is difficult to estimate benefits since the project is still under way. However, DOD auditors have already identified potential under-charges of $370.2 million on just 16 systems and components.

c. Hearings.—No hearings were held in 1985.

3. Assessment of Defective Pricing Reviews at Contractors' Locations.

a. Summary.—The subcommittee is concerned that the Department of Defense has yet to adequately control the prices it pays for negotiated defense contracts and subcontracts. In 1984, DOD signed some $82 billion worth of negotiated prime contracts without price competition. Defense contractors continue to receive windfall profits by means of overpricing, billing unallowable overhead costs, and failing to provide Government contracting officers with reliable cost data. Unfortunately, the Defense Contract Audit Agency currently spends only about four percent of its audit time reviewing contracts for defective pricing.

The subcommittee also found that major defense contractors engineered the windfall profits by negotiating lower prices with their subcontractors and charging higher subcontract prices to the Government. In 29 percent of the noncompetitive subcontracts reviewed, contractors had misclassified them as competitive. The misclassification resulted in exempting the contractors from furnishing the Government the data needed to negotiate a fair price. Furthermore, 58 percent of the prime contractors' evaluations were not obtained by the Government, thus leaving the DOD negotiations at a serious disadvantage.

b. Benefits.—In contracts involving only 10 defense manufacturers, the windfall profit amounted to $42 million; the average windfall profit was 3.2 percent of the contract value. Over the past year, the total projected windfall profits to defense contracts amounted to more than $1.3 billion. Improved contract management can thus result in substantial savings.

c. Hearing.—A hearing was held on October 3, 1985. Transcript to be printed.

4. Review of Tactical Command, Control, and Communications Systems.

a. Summary.—The subcommittee began this review to assess the Joint Tactical Command, Control, and Communications (C3) Agency's ability to ensure C3 interoperability among the three services. During the last 20 years, DOD began several efforts to improve C3 interoperability. The proliferation of systems, however, has resulted in the installation among the military services of a variety of unique hardware, which inhibits interoperability.

b. Benefits.—It is difficult to estimate potential benefits since the project is still underway.

c. Hearings.—No hearings have been held.

5. Review of the Air Force Tactical Electronic Combat Jammer Program.

a. Summary.—The subcommittee is continuing and expanding its review of Air Force countermeasures aimed at destroying or degrading the effectiveness of an enemy's air defense system. These countermeasures, involving a variety of radar jammer techniques, are essential to the survival of the tactical airplanes operating in a hostile environment. The purpose of the investigation is to ascertain how the Air Force plans to incorporate the countermeasure techniques into its various airborne self-protection jammers, and to evaluate the effectiveness of these countermeasures before major expenditures amounting to billions of dollars are made.

b. Benefits.—Specific financial benefits from this review are anticipated but cannot as yet be estimated.

c. Hearings.—As mentioned in I.A.3. above, one hearing has been held to date.

6. Review of DOD Spare Parts Pricing Practices.

a. Summary.—The subcommittee's recent investigation into the pricing of spare parts at Miramar Naval Air Station, California, revealed examples of overpayments (such as ashtrays at $659 each). The investigation raised serious questions about the effectiveness of DOD's initiatives, particularly at local levels, to improve the acquisition system. Even if the minimum error rate of these procurements were only one-tenth of one percent, they add up because there could be as many as 15,000 instances of such overpricing each year. The purposes of this expanded review is to assess the extent to which the subcommittee's findings at Miramar Naval Air Station extend to other services.

b. Benefits.—These effects are not yet quantifiable.

c. Hearings.—No further hearings have as yet been scheduled. (See I.A.1. above.)

7. Review of Army's Noncompetitive Purchases Under $100,000.

a. Summary.—The subcommittee initiated a review of noncompetitive contracts not subject to cost or pricing data submission to the Government. In the aggregate, hundreds of millions of dollars of small purchases are made each year. While each purchase is not significant, the total value of such small purchases represents a large portion of the defense budget. The purpose of this review is to determine whether the Army's major buying commands are paying reasonable prices for small purchases.

b. Benefits.—An estimate at this stage would be premature.

c. Hearings.—No hearings on this subject have been held to date.

8. Review of Current Power Measuring Procedures of the U.S. Army for Their Mobile Electric Power Generators.

a. Summary.—The subcommittee investigated whether the Army is purchasing adequate test equipment for its mobile generators. The test equipment measures the voltage, current, and power output of the generators. Any improper output of mobile generators could damage the equipment powered by these generators.

b. Benefits.—These efforts are not quantifiable.

c. Hearings.—No hearings were held.

9. Review of the Adequacy of the Security of U.S. Diplomatic Personnel, Property, and Information at Overseas Posts.

a. Summary.—Over the past several years the subcommittee has had an active interest in the security of U.S. overseas diplomatic posts. The subcommittee has been briefed by State Department officials on several occasions on security matters and has held hearings on efforts to enhance the safety of overseas posts.

In July 1984, Secretary of State George P. Schultz appointed an eight-member panel of Government officials and private citizens to review the Department's security policies and procedures. Chaired by retired Admiral Bobby R. Inman, the Advisory Panel on Overseas Security issued its report in June 1985.

The panel's principal recommendation was that the Department undertake a multiyear program to replace or renovate over 100 U.S. diplomatic facilities overseas considered to be vulnerable to terrorist attack. The estimated cost of the program is $3.2 billion. The panel also recommended the creation of a Bureau of Diplomatic Security within the State Department, and the establishment of a Board of Inquiry to investigate major security incidents in the future.

The subcommittee is monitoring the State Department's efforts to implement the recommendations of the panel and other efforts to improve the security of U.S. facilities overseas.

b. Benefits.—Specific monetary benefits cannot be calculated. Increasingly violent attacks on U.S. diplomatic missions, however, underscore the importance of improving security at these posts. In addition, continuing close monitoring of the proposed building and renovation program will help assure that these funds are spent in an efficient and cost-effective manner.

c. Hearings.—An informal closed briefing was held on September 12, 1985. No transcript was made.

10. Review of the Management of the National Flood Insurance Program.

a. Summary.—Over the past several years, the subcommittee has monitored the Federal Emergency Management Agency's (FEMA) efforts to correct deficiencies in the accounting and financial control system of the National Flood Insurance Program (NFIP). Those deficiencies have been so serious that the General Accounting Office had to terminate its audit of the NFIP for fiscal year 1980 because no annual financial statements had been prepared and the FEMA did not possess sufficient information to allow their preparation.

Last year the subcommittee requested that GAO's audit of the NFIP's financial statements for fiscal year 1984 include a review of FEMA's progress in implementing the recommendations of previous audits. The subcommittee also requested a GAO review of FEMA's reporting and financial management controls for monitoring insurance companies participating in the NFIP's "Write-Your-Own" program. (See I.B.24.)

GAO terminated its audit in July 1984. GAO found that FEMA had contracted with a public accounting firm to audit the NFIP financial statements for fiscal year 1983 and was planning to retain the firm for the audit of fiscal year 1984 statements. GAO decided it would be inefficient to duplicate the accounting firm's work. In addition, GAO determined that since new policies, procedures, and controls were constantly being instituted during its review, it could not conclusively evaluate FEMA's progress in correcting previous deficiencies.

In October 1984, GAO performed followup work which revealed that while the accounting firm had issued a qualified opinion of

NFIP's balance sheet as of September 30, 1983, progress was being made in correcting previously identified deficiencies and in instituting controls over the "Write-Your-Own" companies. However, many problems remain uncorrected. The subcommittee will, therefore, continue its monitoring effort.

b. Benefits.—Specific financial benefits are impossible to calculate. The review seeks to assure that FEMA institutes sound accounting practices and financial controls for the National Flood Insurance Program.

c. Hearings.—No hearings were held on this matter.

11. Review of FEMA's Management of the Individual and Family Grant Program.

a. Summary.—The Individual and Family Grant Program (IFG) is intended to help meet the emergency relief needs of persons faced with disaster-related expenses. The program provides grants of up to $5,000 per family to cover expenses for which assistance from other sources is either unavailable or inadequate. Examples of eligible expenses include temporary housing, clothing, medical treatment, and funeral services. The program is administered by the States and financed with 75 percent Federal funds and 25 percent State funds.

The program's effectiveness has been undermined by inordinate delays in the delivery of benefits to disaster victims. Accordingly, the subcommittee requested that the General Accounting Office determine the causes for these delays, and provide a status report of FEMA's progress in implementing previous GAO recommendations. These recommendations were designed to assure that IFG benefits are provided only to those persons meeting the program's eligibility criteria.

GAO found that delays in the delivery of benefits are primarily due to (1) applicants' tardiness in providing essential information and documentation to support their claims, and (2) problems in coordinating various disaster relief programs to avoid a duplication of benefits.

FEMA is putting in place several new policies and procedures which, if implemented properly, should both speed the delivery of benefits and help prevent the awarding of benefits to ineligible persons. The subcommittee will continue to monitor closely FEMA's progress on this important effort.

b. Benefits.—Speeding the delivery of IFG benefits will help assure that the program meets its intended goal of providing emergency assistance to disaster victims in a prompt and efficient manner. Eliminating the award of benefits to ineligible persons will save the Federal Government substantial amounts of money. These savings, however, cannot be readily estimated.

c. Hearings.—No hearings were held on this matter.

12. Development and Implementation of the State Department Financial Management System.

a. System.—The Department of State is in the midst of modernizing its capability to manage financial resources through development and implementation of a new, automated financial management system at 300 sites around the world. The system is intended to improve the budgeting, disbursing, accounting, and financial reporting at these posts. When implementation is complete, 20 of the larger posts, accounting for about 25 percent of the Department's transactions, will have automated disbursing, accounting, and budgeting capabilities. Full servicing of these activities for the smaller posts will continue to be provided by upgraded regional centers. Additionally, as appropriate, some of the newly developed programs have been modified for use on mini-computers at the smaller posts.

While this program is ongoing, there apparently is insufficient coordination among the various offices of the Department of State that should be involved in this effort. Additionally, planning for certain phases has not been fully developed. Issues that need to be addressed, for example, include what the workload of the regional management centers (RAMCs) should be, whether RAMCs should be developed into high-technology service centers, what qualifications are needed for personnel who will be implementing the financial management system at posts and at the RAMCs, what changes are needed in recruiting, and what training is necessary for RAMCs personnel and when the training should begin.

The subcommittee is concerned that this system receive full utilization, as appropriate, by all overseas Federal Government agencies.

b. Benefits.—In an endeavor of this magnitude, adequate advance planning, negotiation, and coordination is essential. Additionally, every effort must be made to standardize requirements among the overseas agencies in order to realize the maximum benefits from the system. Good management results in more efficient use of available resources. Additionally, substantial monetary benefits will be realized if the agencies operating overseas utilize the State Department system, eliminating the need to duplicate costs in modernizing their own outdated systems.

c. Hearing.—A subcommittee hearing was held on June 20, 1985. The transcript has been printed.

13. Assessment of AID Offices, Programs, and Operations.

a. Summary.—A long-term training program is administered by the Agency for International Development to enhance the qualifications of its senior-level staff. Qualified staff apply for the program, which includes paid tuition for one academic year. The subcommittee surveyed the implementation of this program to determine whether it was being administered impartially and whether the training provided would actually benefit the agency.

Additionally, the committee has an ongoing study of AID's activities under the Economy Act, which permits Government agencies to contract with other agencies of the Federal Government for goods or services that other agencies are uniquely qualified to supply. (See I.B.37. for a discussion of this topic.)

b. Benefits.—The continuing interest of the subcommittee in activities of the Agency for International Development provides impetus for the agency to adhere more closely to good management principles. Surveys and reviews of the type described above help to assure that personnel and financial resources are used effectively, efficiently, and in compliance with the law.

c. *Hearings.*—No hearings have been held on these projects.

14. Review of Travel Policies of Foreign Affairs Agencies.

a. *Summary.*—Last year, it came to the subcommittee's attention that a U.S. Information Agency (USIA) employee and his family returning to the United States from an assignment in South America, took a 2-week, $14,000 riverboat trip up the Mississippi River at Government expense. As a result, the subcommittee requested that the General Accounting Office conduct an extensive audit of the use of travel funds by the State Department and the USIA.

The audit revealed that the travel policies of the State Department and the USIA allowed employees to use ships for home leave and transfer of assignment travel. In addition to traveling at Government expense, employees were allowed to take these cruises—which lasted as long as 3 or 4 weeks—on Government time.

According to GAO, over a 3-year period (1982–1984) at least 260 State Department and USIA employees and dependents traveled by ship at a cost of $556,232—not counting the cost of lost work time. This was about three and one-half times greater than the trips would have cost if taken by airplane.

GAO also found that the State Department and the USIA have been very lax in accounting for millions of dollars in travel advances provided both to their employees and to U.S. citizens traveling overseas under the auspices of the two agencies. As of January 1985, 92 percent of the State Department's travel advances and 84 percent of USIA's advances were overdue. The two agencies had a total of $12.3 million in overdue advances. Some of these advances had been outstanding for several years. In addition, over the past few years, the two agencies have written off $876,662 in advances as uncollectable.

As a result of the subcommittee's efforts, the State Department has revised its policy on the use of ships for home leave and transfer of assignment travel. Under the new policy, the Department will pay the full cost of employees' ship travel only in cases in which air travel is precluded by medical reasons. Any other employees wishing to travel by ship will have to pay the difference between their ship tickets and the cost of normal airfare. They will also have to use annual leave for the travel time exceeding that which would be required for traveling by airplane. USIA has adopted a similar policy.

b. *Benefits.*—Elimination of ship travel at Government expense by State Department and USIA employees should save at least $700,000 in direct travel costs over the next 5 years. While they cannot be readily quantified, the savings from requiring employees traveling by ship to use annual leave are expected to be substantial.

Improving internal controls over travel advances will help assure greater accountability in the use of the funds.

c. *Hearing.*—A hearing was held on October 23, 1985. The transcript will be printed.

15. Scrutiny of the Administration's Actions To Reduce Questionable Year-End Spending.

a. Summary.—In recent years the Congress has approved legislatively mandated spending limits for certain agencies for the last quarter of a fiscal year in an effort to eliminate the wasteful use of taxpayer funds on unnecessary goods and services. The administration has consistently opposed legislative action to limit year-end spending, arguing that good management cannot be legislated. In an effort to improve the economy and efficiency of Government operations and to eliminate wasteful spending practices, the subcommittee is continuing to monitor administrative and departmental efforts to control year-end spending by executive branch agencies.

b. Benefits.—Congressional concerns over the wasteful expenditures of Federal funds have already resulted in increased attention to agency year-end spending practices. The Office of Federal Procurement Policy, the Office of Management and Budget, and the President have all cautioned agency managers to be mindful of problems involved and to take steps to eliminate waste caused by unnecessary and inappropriate last minute expenditures. While impossible to quantify, this effort should provide significant savings.

c. Hearings.—No hearings were held on this subject.

16. Assessment of the Quality of Audits of Federal Grants Performed by Non-Federal Auditors.

a. Summary.—The subcommittee, with the assistance of the General Accounting Office (GAO), is evaluating the quality of audits of Federal grants to State and local governments and non-profit organizations performed by non-Federal auditors—primarily certified public accounting firms.

The review is being done in two phases. The first phase, which is now complete, focused on documenting the audit deficiencies identified by Federal Inspectors General, who monitor the work of non-Federal auditors. In the second phase, GAO will do its own detailed individual reviews of non-Federal audits.

A subcommittee hearing on the first phase of GAO's study revealed widespread deficiencies in non-Federal audits submitted to Federal Inspectors General for review—about 45 percent of the non-Federal audits that undergo detailed quality control reviews by the Inspectors General are found to have quality problems. In addition, about one-half of these audits with problems are not accepted by the Inspectors General until the non-Federal auditors clarify their reports, provide additional documentation, or do additional audit work. Some audits are never accepted.

b. Benefits.—The Federal Government relies heavily on the work of non-Federal auditors to help maintain accountability in the use of the more than $100 billion in Federal aid provided to State and local governments each year. The subcommittee's work in this area should result in the improved quality of non-Federal audits and, therefore, in the improved accountability in the use of Government funds.

c. Hearing.—A hearing was held on November 13, 1985. The transcript will be printed.

17. Review of Audit and Investigative Capability of Federal Agencies Not Subject to Inspector General Legislation.

a. Summary.—Following passage of the Inspector General Act of 1978, President Carter issued a memorandum to all departments and agencies not covered by the Act instructing that significant features of that Act be extended throughout the Federal Government. Upon hearing allegations of significant problems in the audit and investigative units of some agencies, the chairman requested the General Accounting Office to provide to the subcommittee statistical data and other information with which to assess the need for further congressional action. Results of the study indicated that 20 of the 99 agencies surveyed had no audit coverage. Two agencies, with staff numbering over 1,575, had no internal audit coverage. Additional deficiencies were reported through the agencies, from failure to report to the agency head or the deputy and failure to coordinate audit or investigative work among several units in an agency, to failure to meet GAO audit standards.

This Congress, Representatives Brooks and Horton introduced a bill, H.R. 3077, which, among other things, would consolidate under one Director audit and investigative offices in agencies where they currently exist. The Director would report to the head of the agency and each Director would have the same duties and authorities as the Inspectors General, established by the 1978 Inspector General Act.

b. Benefits.—This work is part of the subcommittee's ongoing effort to achieve improved accountability over Government resources, and to seek to assure that limited resources are used in an efficient and effective manner. Improved management of Government resources will be the major benefit from this endeavor.

c. Hearings.—No hearings have been held on this subject.

18. Monitoring the Implementation of the Single Audit Act of 1984.

a. Summary.—On October 19, 1984, the Single Audit Act, Public Law 98-502, was signed into law. The Act was reported by the Legislation and National Security Subcommittee. It requires each State and local government receiving $100,000 or more per year in Federal financial assistance to obtain an independent, organization-wide audit of its operations—usually on an annual basis. The audit must include a thorough review of the recipient's internal controls over its Federal funds, and an examination of its compliance with Federal program requirements. These audit requirements are effective for State and local government fiscal years beginning after December 31, 1984.

Such "single audits" replace audits of individual grants that recipients were required to obtain under various statutes and regulations, since the grant-by-grant audit approach was often an inefficient use of scarce audit resources and an ineffective means of maintaining oversight of Federal grant funds.

The subcommittee has closely monitored the implementation of the Single Audit Act. It thoroughly reviewed the draft of the implementing regulations developed by the Office of Management and Budget and informally recommended several revisions and clarifications. The final regulations, Circular A-128, reflect many of the changes proposed by the subcommittee. A-128 was issued in final form on May 6, 1985.

The subcommittee also reviewed several drafts of a "single audit guide" being developed by the American Institute of Certified Public Accountants (AICPA). Many of the subcommittee's informal suggestions have been incorporated into the guide, which should be a useful source of information for auditors performing single audits. The AICPA expects to issue the guide in final form in 1986.

b. Benefits.—Successful implementation of the Single Audit Act will sigificantly improve the auditing of the more than $100 billion in Federal aid provided to State and local governments and nonprofit organizations each year. These improvements will help assure greater accountability in the use of Federal grant funds.

c. Hearings.—No hearings were held on this matter.

19. Review of the Implementation of the Federal Managers' Financial Integrity Act.

a. Summary.—The Federal Managers' Financial Integrity Act (the Act) became law in September 1982, following continuing reports of fraud, waste, and abuse associated with weak internal control and accounting systems. The Act requires Federal managers to establish a continuous process for evaluating, improving, and reporting on the internal control and accounting systems for which they are responsible. The term "internal controls," as envisioned by the Act, is synonymous with "management controls," encompassing program and administrative areas, as well as the more traditional accounting and financial management areas.

For the Act to be successfully implemented, agency managers must test and evaluate internal control systems and correct found deficiencies. The subcommittee is reviewing reports submitted by Federal managers in implementing the Act during its second year.

b. Benefits.—The Federal Managers' Financial Integrity Act provides the needed discipline for Federal managers to take action necessary to improve management of the Government's resources. Moreover, it can be instrumental in increasing the confidence of the American public in the operation of its Government. The subcommittee's 1982 hearing, combined with ongoing work in the executive branch, should result in more efficient and effective operations, which will result in better use of appropriated funds.

c. Hearing.—No hearing held on this subject in 1985.

20. Inquiry Into the Prevalence of Duplicate Payments by the Government.

a. Summary.—After newspaper accounts publicized the return to the Government of over $25,000 in duplicate payments made to a local firm, the subcommittee initiated a review to determine whether duplicate payments by agencies in the Federal Government are widespread. The study was conducted by the General Accountng Office at the request of Chairman Brooks. In a review of three agencies' payment centers more than $11 million in duplicative payments to Government contractors and vendors were uncovered. Poor administrative practices contributing to duplicate payments in these agencies include poor recordkeeping, inadequate automated payment system features, weak internal controls, and manual intervention in automated payment systems.

b. Benefits.—If the recommendations made to the three agencies studied are implemented, internal controls would be improved, administrative workload would be reduced, and productivity increased. Elimination of duplicate payments would result in substantial savings of interest on borrowed funds (which would not be needed if duplicate payments were not made). Improved internal controls, data processing programs, and administrative practices would help to eliminate duplicate payments, many of which may be undiscovered, unreported, and not returned to the Federal Government.

c. Hearings.—No hearings were held on this subject.

21. Review of U.S. Embassy Contracts With Employee Associations.

a. Summary.—The Secretary of State is authorized by statute to establish employee associations at U.S. overseas diplomatic posts. There are currently about 130 such associations engaged in a wide range of activities aimed at providing benefits to their members. In addition, at least 67 of these associations have entered into contracts with their embassies to provide persons—mostly host country nationals—to perform a variety of support functions, such as building maintenance, gardening, chauffeuring, and guard service. These contracts cover more than 8,800 workers and involve over $38 million in appropriated funds.

A General Accounting Office audit requested by the subcommittee has revealed widespread improprieties in these contracts—maintaining inadequate accounting records, violating Federal contracting regulations, and failing to perform many of the functions required by the contracts.

Moreover, the associations frequently make a profit on the contracts, despite the fact that the contracts involve appropriated funds and the State Department's own policies prohibit such profits. A Department survey last year identified 39 associations making profits on contracts; the aggregate reported profit was $1.1 million. The actual amount may well be higher.

One of the primary causes of these problems is that the embassies' contracting activities are not being monitored adequately by the State Department's headquarters. However, as a direct result of the subcommittee's efforts, the Department has re-emphasized its policy prohibiting employee associations from making a profit on contracts with their embassies.

The subcommittee is continuing its review.

b. Benefits.—Eliminating profits on employee association contracts with their embassies should save the Government at least $6 million over the next 5 years. In addition, correcting the deficiencies and improprieties in such contracts will help restore integrity to the embassies' contracting activities.

c. Hearing.—A hearing was held on July 31, 1985. The transcript will be printed.

22. Assessment of the Adequacy of Legal Support for the Inspectors General.

a. Summary.—The subcommittee is continuing its effort to assure that the statutorily established Offices of Inspector General have the resources and independence necessary to fulfill their duties and responsibilities to prevent and detect fraud, waste, and abuse in the Government. In so doing, the subcommittee reviewed the legal support which each office receives to determine whether such support is readily available, sufficiently independent, and not subject to charges of conflict of interest.

The subcommittee found that a majority of the offices have either in-house counsel reporting to the Inspector General or a formal Memorandum of Understanding clearly defining the relationship between the Office of Inspector General and the agency's Office of General Counsel. A few of the offices, however, have neither in-house counsel nor a formal agreement with the Office of General Counsel. This situation fails to provide assurance of adequate, consistent, and timely legal counsel or to address the important issue of potential conflicts of interest. The subcommittee urged that these offices at a minimum develop a satisfactory Memorandum of Understanding with their respective agency's Office of General Counsel, or, in the alternative, hire counsel on the staff of the Office of Inspector General to serve in an attorney/client relationship and to provide liaison with staff of the Office of General Counsel who have expertise in program related areas.

b. Benefits.—Since the independence of the Offices of Inspector General is critical to maintaining their credibility and the public's confidence in these offices, assurance of an independently functioning legal counsel to the Inspector General is essential. While monetary benefits cannot be quantified, independent counsel helps to assure the most honest and productive use of Government resources.

c. Hearing.—No hearing was held on this subject.

23. Review of Employment of Former Government Staff by Government Contractors.

a. Summary.—The phenomenon of Government employees leaving Government service to work for a firm that does business with the Federal Government has been a matter of great concern to the subcommittee. For example, according to Pentagon documents, about 2,200 retired officers work for companies with large defense contracts. Many of these contractors are making undeserved profits, and the practice of Government contractors hiring former Government employees permits the perception, if not the fact, of a conflict of interest. It also suggests that Government workers who may be anticipating retirement or who may be looking for employment in the private sector may be tempted in performing their Government functions to compromise in favor of Government contractors.

b. Benefits.—The monetary benefit of this review, while not quantifiable, promises to be substantial. While many, if not most, Government employees may not compromise their integrity, the ones who do may succeed in achieving greater profits and other monetary benefits for Government contractors at the expense of taxpayers. Continuing oversight in this area helps to curb potential abuse.

c. Hearing.—The subcommittee did not hold a hearing on this subject.

24. Review of Federal Emergency Management Agency's "Write-Your-Own" Program.

a. Summary.—Under the National Flood Insurance Program (NFIP), the Federal Government provides subsidized flood insurance to homeowners and businesses in flood-prone communities that agree to adopt and enforce adequate flood plain management regulations. Currently, more than 17,500 communities participate in the program, which now has about two million policyholders holding over $100 billion in insurance.

The NFIP is administered by FEMA's Federal Insurance Administration (FIA). The FIA has contracted with the Computer Services Corporation (CSC) to perform many of the program's day-to-day administrative tasks—accepting premiums, settling claims, keeping records, etc.

Until fiscal year 1984, all NFIP policies were sold by the FIA through independent insurance agents and serviced by CSC or the previous service contractor. In 1984, however, FEMA initiated the "Write-Your-Own" (WYO) program to increase the NFIP policyholder base. Under WYO, FEMA pays an administrative fee to private insurance companies who have agreed to both sell and service flood insurance policies. The Federal Government assumes all insurance risks.

While the subcommittee believes that increasing the number of NFIP policyholders is a desirable goal, it is concerned that the WYO approach could undermine the effectiveness of the NFIP. The subcommittee is, therefore, with assistance from the General Accounting Office, conducting a preliminary review of the operation of the WYO program.

b. Benefits.—Improving the operations of the National Flood Insurance Program should help reduce the risk of flood damage and assure that policyholders are provided adequate protection and service.

c. Hearings.—No hearings have been held on this mattter.

25. Review of State Department Construction Projects in Cairo, Egypt.

a. Summary.—The subcommittee is currently investigating serious deficiencies in the State Department's efforts to build a residence for the U.S. ambassador and a U.S. chancery in Cario, Egypt. The General Accounting Office is assisting in this review.

The State Department's Office of Foreign Buildings (FBO) has been engaged in an effort to design and build the ambassador's residence for over 10 years. The project has been plagued by shoddy construction by Egyptian contractors and poor management by the FBO. Despite the expenditure of $4.5 million—more than double the original cost estimate of $2.2 million—the residence is still incomplete. An estimated $900,000 in additional costs would be necessary to complete the residence, and the State Department has decided to sell the building.

Construction of the high-rise chancery began in 1982, but by January 1985, the contract with the construction firm involved was terminated due to poor performance. The FBO is currently soliciting bids for completion of the building.

b. Benefits.—Specific monetary benefits cannot be estimated. However, identifying and correcting the systemic management deficiencies in FBO that have caused the problems in the Cairo projects will improve FBO's operations worldwide. Given FBO's role in the large-scale embassy construction and renovation program proposed by the Secretry of State's Advisory Panel on Overseas Security (see I.B.9.), such improvements are essential.

c. Hearings.—No hearings have been held on this subject.

26. Inquiry Into the Use and Control of Industrial Funds by the DOD.

a. Summary.—Industrial funds are revolving funds modeled after businesslike operations. Work performed by industrial fund activities in the Department of Defense are paid for with Operation and Maintenance (O&M) funds, funds that should expire at the end of the fiscal year. Orders placed with O&M funds, therefore, are required to be only for those items for which there is a bona fide need existing within the fiscal year in which the order is issued and work on the order must start within a reasonable time. Studies have shown, however, that defense agencies have improperly carried over as much as $35 million in ordered work.

b. Benefits.—The Defense Department has already issued more stringent guidelines concerning the use of industrial funds. The subcommittee's studies in this area are continuing. This oversight activity should result in closer adherence within the DOD to legal requirements over the use of funds.

c. Hearings.—No hearings have been held on this subject.

27. Inquiry Into the Impact of the Administration's Implementation of Section 2901 of the Deficit Reduction Act of 1984 on Statutorily Established Offices of Inspector General.

a. Summary.—This inquiry is the result of the subcommittee's concern that Section 2901 of the Deficit Reduction Act of 1984, which is within the jurisdiction of the Government Operations Committee, was not being implemented as intended by the Congress. The Office of Management and Budget issued implementing guidance that, among other things, did not specifically address the need for agencies to reduce costs by improving management. The guidance further permitted agency action that could seriously cut the benefits which the Offices of Inspector General can provide and had an adverse impact on the ability of these offices to conduct audits and investigations.

b. Benefits.—By supporting the expertise of the Offices of Inspector General, optimum use of the limited dollars available for Government programs can be achieved. If Government budget personnel would view these offices separately from offices that implement Government programs, it may be possible to assure the continued ability of the Offices of Inspector General to improve the management of Government resources and to ferret out and recommend ways to prevent wasteful and fraudulent practices in Government operations.

c. Hearing.—No hearing has been held on this subject.

28. Evaluation of Proposed Cost Management and Federal Management Improvement Initiatives in the Federal Government.

a. Summary.—The Reagan administration has initiated or is expanding activities to modernize and restructure the management and administrative systems of the Federal Government. Additionally, the General Accounting Office printed a two-volume study of proposals to manage the cost of Government.

Improved management in the Federal Government is critical to efforts to increase productivity of human resources and to reduce the risk of the misuse and mismanagement of public funds. While work in this area is admittedly timely, it would be most useful if the Office of Management and Budget, the General Accounting Office, the Department of the Treasury, and any others involved in this activity would coordinate their efforts in order to eliminate confusing agency personnel and to achieve maximum benefit from available resources. To this end, the subcommittee is reviewing these efforts. Further, the various initiatives and proposals are also being studied in an effort to assure the proposals are appropriate to Government functions.

b. Benefits.—The subcommittee's efforts in this area are part of its continuing activity to achieve management improvement in the Federal Government. These efforts should assure that the initiatives and proposals being advanced by various Government agencies result in the maximum use of resources and the most beneficial projects and improvements.

c. Hearing.—The subcommittee has not held a hearing on this subject.

29. Review of Proposed Budget Cuts for the Statutorily Established Offices of Inspector General.

a. Summary.—Inspectors General are charged with preventing fraud, waste, and abuse in Federal programs. In recent years their efforts have resulted in about $15 billion annually in benefits to the Government or about $40 for every dollar in costs. Despite a history of annual increases in budget funds for Offices of Inspector General to perform audits and investigations, the Reagan administration proposed budget cuts for these offices for fiscal year 1986. These proposed cuts amounted to about 20 percent of the estimates made by the Inspectors General. While they would not prevent the Inspectors General from accomplishing their missions, the cuts would serve to reduce their effectiveness. The budget cuts will affect almost all areas of Inspector General work.

b. Benefits.—Benefits accruing to the Federal Government as a result of the work of the Inspectors General include recovered funds based on audits performed, recoveries based on investigative activities, savings resulting from management improvements made at the recommendation of the Inspectors General, and elimination of certain costs from contracts based on audits conducted prior to their award. The efforts of Inspectors General also result in thousands of legal actions, convictions, penalties, recoveries, suspensions, debarments of Federal contractors, and personnel actions against Federal and contractor employees. By alerting administration officials and Members of Congress to the harmfulness of across-the-board budget cuts to the work of the Inspectors General, this study should result in closer scrutiny of the needs of the Inspectors General prior to cuts being imposed.

c. Hearings.—No hearings were held on this subject.

30. Survey of Performance of Security Functions by Statutorily Established Offices of Inspector General.

a. Summary.—Inspectors General are charged with preventing fraud, waste, and abuse in Federal programs. Some Offices of Inspector General (OIG) are also providing security services, including personal protective services. In some cases, these security duties were transferred to an agency's OIG from agency security and investigation offices that were in operation prior to the establishment of the OIGs. The security responsibilities were not specifically assigned to the OIG by legislation, except in the case of the Agency for International Development. The subcommittee believes that security services are more management functions than functions appropriate to the OIGs.

b. Benefits.—The Inspector General Act of 1978 prohibits management from transferring management functions to the Offices of Inspector General. Management functions within these offices give the appearance of conflict and may dilute the resources of the Inspectors General from performing independent audits and investigations. The subcommittee intends to encourage the Offices of Inspector General to jealously guard the independent characteristics of their offices so that they may continue to enjoy public confidence in their function.

c. Hearing.—No hearing was held on this subject.

31. Assessment of the Defense Department's Use of Confidential Funds.

a. Summary.—Each year the Department of Defense is authorized the use of appropriated funds for emergency and extraordinary expenses. These funds are categorized as official representation and confidential, and are used for such things as entertaining foreign dignitaries and defense intelligence activities. The subcommittee has initiated a study to determine if there are procedures to control the use of these funds and, if so, whether the procedures are adequate and are being followed.

b. Benefits.—This study should result in improved management and efficiency in the use of confidential and representation funds. Since authorized emergency and extraordinary expenses funds are substantial (over $27 million in fiscal year 1984), improvements should result in accomplishing more with available funds—a result that is critical in these times of austerity in Government funding.

c. Hearing.—A hearing has not been held on this subject.

32. Review of the Use of Dedicated Vehicles by the Executive Branch.

a. Summary.—The subcommittee continued its investigation, which was begun in 1983, of the use of Government-owned vehicles for home-to-work transportation by officers and employees of the executive branch. The subcommittee requested the Comptroller General to review the use of Government vehicles for such transportation from January to June 1985, and determine whether such use was in compliance with the law. As a result of this investigation, it was tentatively determined that 79 of the 128 officials receiving such transportation were unauthorized to do so. Although the information upon which these findings rest was voluntarily supplied and has not been verified, it is clear that the law is not being strictly followed.

A major cause of the continued violation of the law is the lack of comprehensive legislation that may be uniformly applied to all executive branch personnel. At this time. home-to-work transportation is specifically provided for 14 persons under one provision of law (31 U.S.C. 1344). An additonal 16 persons are authorized such transportation pursuant to other laws. Comptroller General decisions defining the scope of section 1344 have also led to some confusion by creating the false impression that agencies have the discretion to authorize home-to-work transportation whenever it is "in the interest of the Government."

The cost of such continued violation of the law is substantial. The annual cost to provide such transportation ranges from a low of $1,100 to a high of $9,465.

As a result of the subcommittee's review, the Office of Management and Budget submitted a proposed amendment to 31 U.S.C. 1344. Following subcommittee hearings, the proposal was amended and introduced by Chairman Brooks and Congressmen Horton, Saxton, DioGuardi and Clinger (H.R. 3614). If passed, this bill will provide clear guidance to the executive branch and eliminate the confusion that has led to a proliferation in the number of persons receiving such transportation. (See also item II.A.1.)

b. Benefits.—Subcommittee interest in this area has already resulted in reducing unauthorized use of Government vehicles for home-to-work transportation.

c. Hearing.—A hearing was held on September 19, 1985. The transcript will be printed.

33. Inquiry Into DOD's Providing the Names and Addresses of 1.4 Million Service Members to Political Campaign Committee.

a. Summary.—The General Accounting Office is presently conducting for the subcommittee an investigation into the propriety of the Defense Department's release of 1.4 million service members' names and addresses to the Reagan/Bush campaign committee in late October 1984.

b. Hearings.—No hearings have been held on this subject.

34. Oversight Hearings on the U.S. General Accounting Office.

a. Summary.—As an investigative and auditing arm of the Congress, the GAO is a primary agent through which the legislative branch conducts oversight of executive branch programs and expenditures. Congress relies on the GAO to ensure that (1) funds are used for their intended purposes; (2) agency resources are managed efficiently and economically; and (3) programs are achieving the objectives set forth by the law. In performing this mandate, the GAO not only provides Congress with essential information about Federal programs, but exercises statutory authority to participate directly in the oversight process as an independent congressional entity.

As the magnitude and complexity of the issues facing Congress have increased, Congress has become more dependent on GAO's assistance in carrying out its oversight and legislative responsibilities. Despite this, however, concern has been growing over GAO's responsiveness to congressional needs. To address these concerns, the subcommittee held a hearing on October 22, 1985, during which a wide range of issues were discussed. Comptroller General Bowsher testified for the GAO.

Prior to the hearings, Chairman Brooks asked committee and selected subcommittee chairmen of the House to provide the committee with their assessment of GAO's work. While many favorable comments were received, several areas of concern were raised by the congressional survey. These included: (1) GAO's reluctance to conduct investigations into waste, fraud, and abuse; (2) the quality and timeliness of GAO's reports; (3) the morale of GAO employees; (4) the time spent on planning and report processing; (5) the problem with GAO's internal ADP systems; (6) the productivity of GAO's work; (7) the reluctance to issue hardhitting reports; (8) the acceptance of congressional work by GAO, and (9) the emphasis placed on broad surveys and general management reviews.

In recognition of these and other problems, Comptroller General Bowsher forthrightly cited the actions that he had taken over the last 4 years to improve the operations of the GAO. These include: (1) the establishment of a new division within GAO to do comprehensive audits in the complex area of computers and communications (2) the consolidation of resources in order to more aggressively audit defense programs, and (3) GAO's effort to increase its expertise in many complex and highly technical subject areas. Further, Comptroller General Bowsher stressed that GAO was making progress in improving its operations in many of the areas of concern that had surfaced during the hearings, such as quality and timeliness and its financial auditing capabilities.

As Chairman Brooks observed at the outset of the hearing, the Comptroller General "inherited an agency in transition. Many of the problems that we will be covering today are the result of events which occurred as long ago as 1965." At that time, the GAO was taken to task because DOD and its contractors had convinced this committee that GAO was being too harsh on them. Chairman Brooks reminded the committee members that he opposed efforts to "defang GAO." In 1965, he stated that:

"Many of the recommendations contained in the report, in my opinion, will deter rather than encourage improvement in GAO audit procedures. Essentially, it is the function of GAO to discover and report deficiencies. Hence, I do not believe that fewer GAO reports, giving less emphasis to deficiencies, constitutes an improvement. Nor do I subscribe to other policies advocated in the report that might tend to obscure deficiencies GAO auditors find in procedures in the Department of Defense or in the operations of defense contractors or, for that matter, deficiencies found in the operation of any of the government agencies over which GAO has jurisdiction."

Chairman Brooks noted that it has been almost 20 years and GAO is still trying to recover from this incident. He stressed that the recovery is long overdue and hoped that the oversight hearing would help speed up the process. Comptroller General Bowsher in a frank and forthright manner recognized the problems addressed by the subcommittee and indicated that GAO would work toward resolving them. In one of his most significant actions after the hearings, Comptroller General Bowsher established a task force to look into establishing a core group of investigators to look into fraud, waste, and abuse in Government programs. The committee commends the Comptroller's efforts in this area and strongly urges him to move expeditiously to establish this investigative unit.

b. Benefits.—A strong, aggressive investigative unit within the GAO could be a major force in rooting out corruption and other wrongdoing in Government programs, thereby making public officials accountable for their actions and saving the taxpayers millions of dollars.

c. Hearing.—A hearing was held on October 22, 1985. The transcript will be printed.

35. Contract Irregularities and Mismanagement of the Social Security Administration's Systems Modernization Program.

a. Summary.—In December 1982, the Social Security Administration (SSA) awarded a consulting services contract, valued at $32 million, to Electronic Data Systems/Deloitte Haskins & Sells (EDS/DH&S) for systems engineering and integration of SSA's Systems Modernization Plan. The current investigation, initiated in July 1983, has concentrated on improprieties in the award of key computer contracts at SSA. In a September 1984 hearing, the subcommittee found that a major data communications contract awarded to the Paradyne Corporation had been undermined not only by questionable actions of the contractor, but by inappropriate conduct of agency officials as well. Likewise, in hearings held on November 6, 13, and 20, 1985, the subcommittee found the systems integration contract, the cornerstone of SSA's $500 million systems modernization plan, was undermined by improper and potentially illegal behavior by SSA and DH&S officials. The plan is currently $300 million over budget and is seriously behind schedule.

The committee found that at least two DH&S partners wined and dined key SSA officials, including the Commissioner and the source selection official during the period between the Reagan transition and the award of this contract. On one occasion during SSA's evaluation of the proposals for the contract, a DH&S partner claimed reimbursement for dinner for the source selection official stating that the purpose of the dinner was "to discuss the [Systems Engineering and Integration] proposal." This potentially illegal behavior has been referred to the Department of Justice for further investigation and possible criminal prosecution.

b. Benefits.—Although an early user of information technology, the SSA has allowed these critical resources to deteriorate over the last decade to the point that its programs are threatened. The $32 million EDS/DH&S consulting services contract is just the latest example of SSA's inability to properly acquire and use information technology. These hearings, combined with the recommendations in the Paradyne report (House Report No. 98-1125, October 2, 1984) issued last year, will send a strong signal to industry that the Congress and the American people will no longer tolerate continued waste, fraud, and abuse in the Federal Government.

c. *Hearings.*—Hearings were held on November 6, 13, and 20, 1985. The transcript will be printed.

36. Our Nation's Nuclear Warning System: Will It Work If We Need It?

a. *Summary.*—In May 1981, the committee held extensive hearings on the management and technical deficiencies associated with the failure of the North American Aerospace Defense Command's (NORAD) computer system that resulted in our strategic nuclear forces being unnecessarily placed on alert. The committee report—"NORAD Computer Systems Are Dangerously Obsolete"—concluded that the NORAD facility had been mismanaged for over a decade by the Air Force, the Joint Chiefs of Staff, and the Department of Defense, resulting in obsolete computer systems that did not satisfy the requirements of the Command's critical mission. These obsolete systems, coupled with poor management practices and human error, were directly responsible for the false alerts.

In July 1984, the committee asked GAO to initiate a followup review of this area, expanding its efforts to include an assessment of all the components (sensors, communications networks, and computers) of the Nation's nuclear warning system. During a hearing held on September 26, 1985, the committee received testimony indicating that the system is outmoded, unreliable, vulnerable to enemy threats, and subject to misjudgments that could have catastrophic results. Combining these factors with the requirement that U.S. defenses evaluate what appears to be an enemy attack and quickly determine the source and seriousness in time to respond creates a situation tantamount to a "hair trigger" that may or may not go off when needed, or may inadvertently set off a U.S. missile response in error.

Following up on its previous work, the GAO testified that the NORAD computers cited as inadequate in 1981 are still being used today, and, according to DOD, state-of-the-art systems needed to effectively support NORAD's critical mission will not be available until 1992 at the earliest. GAO also testified that while the billions of dollars being spent to modernize the nuclear warning system will result in some problems being corrected, serious deficiencies will nevertheless remain.

b. *Benefits.*—Considering the importance of the Nation's nuclear warning system, vulnerability to an enemy's threat, including outside attack, sabotage or penetration of the communications system, are all major concerns that need to be continuously addressed. This hearing, along with those held in 1981, put the Defense Department on notice that the Congress and the American people will no longer tolerate the chronic neglect and disrepair that have plagued this critical system.

c. *Hearing.*—A hearing was held on September 26, 1985.

37. Review of AID and DOD Contracting With the U.S. Department of Agriculture Graduate School.

a. Summary.—The subcommittee is reviewing AID and DOD contracting practices with the USDA graduate school to determine whether AID and DOD violated Federal procurement laws and regulations when contracting with the USDA Graduate School for their personnel and equipment needs. An August 8, 1985, investigation by the USDA Inspector General showed that the Graduate School had acted as a pass-through contractor for AID and DOD, hiring personnel for the agencies and paying their salaries, as well as possibly enabling the agencies to circumvent their procurement regulations through the purchase of equipment for the agencies. The purpose of this investigation is to determine whether action taken by AID and DOD has been sufficient to prevent any further improper activity when contracting with the Graduate School and other agencies under the Economy Act and related Federal laws and regulations.

b. Benefits.—Benefits from the project should derive in closer adherence to law, resulting in better accountability in the expenditure of Federal funds.

c. Hearings.—No hearings have been held.

38. Review of the Implementation of the Prompt Payment Act.

a. Summary.—The Prompt Payment Act requires every Federal agency to pay an interest penalty on amounts owed to business concerns for the acquisition of property or services when the agency does not pay on time. Unless the required payment date is stipulated in the contract, this will mean paying most proper invoices within 30 days of receipt or acceptance of the goods or services, whichever is later, to avoid the payment of interest penalties. In the case of meat, poultry, and produce, it would mean paying within 7 days after delivery for meat and 10 days after delivery for produce.

Since passage and approval on March 18, 1982, of the Prompt Payment Act, the Legislation and National Security Subcommittee has maintained strong interest in implementation activities in the executive branch. Numerous complaints continue to be heard, however, from contractors doing business with the Government who are still experiencing delays in receiving payment for goods and services.

In response to these complaints, the subcommittee has initiated a comprehensive review, based on a statistical sampling of payments centers in the Federal Government. When complete, findings of the review should reasonably portray the overall success or lack of success of the executive agencies in implementing the Prompt Payment Act. The review will also include consideration of current reporting mechanisms to determine whether an accurate portrayal of payment practices is being supplied to the Congress.

b. Benefits.—The goal of this review is to assure that improved payment practices have been achieved in the Federal Government, and, to provide greater impetus to agency managers to achieve even more improvements, or where appropriate, to take whatever action is necessary to implement the Prompt Payment Act. Information supplied during the subcommittee's hearings on this bill prior to its enactment included evidence that Government contractors regularly inflate the cost of goods and services sold to the Government to cover hidden costs associated with slow pay. This report, therefore, should result in substantial, though nonquantifiable, benefits—that is, when Government practices result in timely payment, the costs for goods and services charged by business firms should decline in a corresponding fashion.

c. Hearings.—No hearings have been held on this subject.

GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

1. The Arts and Artifacts Indemnity Act.

a. Summary.—As a result of the investigative hearing on October 26, 1983, and a report issued on September 28, 1984, on "The Future Directions of the Institute of Museum Services," a followup investigation was begun on the Arts and Artifacts Indemnity Act, which was created in 1975. The minority requested that this be treated as a separate issue instead of as part of the initial report. The bill provides Federal indemnification assistance to nonprofit museums to finance insurance costs for unique international exhibits. Since the program began, it has saved museums more than $18 million in insurance premium costs, with 175 museums participating. In spite of the volume of works displayed during the last decade of indemnification, there has been only one claim, for a total of $100,000.

Because the value of art works has escalated rapidly, it is no longer unusual to have an art work insured for $1 million or $2 million. The subcommittee recognized a need to raise the ceiling on works that could be indemnified at any one time from $400 million to $600 million. Legislation was introduced in H.R. 1850.

b. Benefits.—This bill was incorporated into the House (H.R. 3248) and Senate (S. 1264) reauthorization bill and the limit was raised to $650 million. The bill passed both chambers and was signed by the President on December 20, 1985.

2. Assessment of Interstate Commerce Commission Review of Motor Carrier Safety.

a. Summary.—The subcommittee reviewed the most recent year's ICC license awards to determine whether motor carriers were being evaluated for their safety records. The law that statutorily deregulated the motor carrier industry, the 1980 Motor Carrier Act, in effect, established a safe operating record and adequate insurance coverage as the two remaining barriers to entry into the motor carrier industry.

The subcommittee found that ICC safety evaluations are not having much of an impact because:

(1) Carriers with poor safety ratings are not being denied new or increased operating authority by the Commission;

(2) The Commission is sometimes not being informed by its staff of a carrier's poor safety rating;

(3) Carriers are being afforded the opportunity to overturn negative safety ratings by memos of unverified affidavits filed with the Commission by the carrier;

(4) Few carriers have received safety ratings from the Department of Transportation, which is responsible for making the determinations;

(5) Some DOT ratings have lost their validity since they are several years old; and some on carriers have been rated satisfactory without ever having been audited.

(6) Finally, the ICC's policy has been to wait for the DOT to initiate a petition for an ICC carrier review; however, DOT has been reluctant to take action on more than only a handful of carriers.

b. Benefits.—Since being placed on notice of the subcommittee's review, the Commission has considered carrier safety ratings more seriously.

c. Hearing.—A hearing was held on this subject on September 12, 1985.

3. Examination of Enforcement of Insurance Coverage Regulations for Motor Carriers.

a. Summary.—The hearing used a recent truck accident involving U.S. Army munitions as a case example of enforcement of truck insurance regulations. Enforcement now rests with both the Interstate Commerce Commission, for their licenses, and with the Department of Transportation, for all carriers. These insurance standards were provided for in the 1980 Motor Carrier Act, which statutorily deregulated entry into the motor carrier industry.

The case example examined in the subcommittee's December 11, 1985, hearing was the August 4, 1985, accident near Checotah, Oklahoma, which resulted in the detonation of an Army munition cargo and $3.5 million in damages to the town. Two major issues arose from the hearing that the subcommittee is continuing to address:

(1) Under Oklahoma law, the truck is not automatically liable; thus, victims of the blast may not be able to seek compensation from the motor carrier and its insurance coverage. Presumably, only the motor carrier in the accident has adequate insurance coverage to fully compensate for all the damages.

(2) The policy of the motor carrier's insurance-company-on-record with the ICC had expired before the August 4 accident, and a DOT inspection confirmed that the carrier may not have been adequately covered.

Of concern to the subcommittee is the integrity of the ICC and DOT monitoring procedures. The Checotah, Oklahoma, case demonstrates that insurance cancellations can occur without the ICC being notified. The DOT procedures, in this case, were such that the munitions carriers had not been reviewed for approximately 14 years.

The cost and availability of truck insurance has recently become a troubling issue to the industry. A concomitant problem is the spector of uninsured or under insured carriers on the roads.

b. Benefits.—To be determined.

c. Hearing.—A hearing was held on this subject December 11, 1985.

4. The National Endowment for the Arts and the Office of Private Partnership.

a. Summary.—The subcommittee examined activities of the Office of Private Partnership, which was created in December 1982 and dissolved in February 1985. The office was created to encourage private support for the arts.

Working with the GAO, the subcommittee determined that the office had been poorly managed and that it could not document the monies that it claimed to have helped raise for the arts.

The subcommittee further questioned why the Director alone was empowered to make decisions on where NEA funds would be spent, thus bypassing the inherent peer review process applicable to all other divisions within NEA. There was no ongoing NEA evaluation as to the success or failure of the office, including an audit of all funds claimed.

b. Benefits.—As a result of the subcommittee's initial discussions, the NEA has agreed to revised procedures for all its grants, peer reviews, and followup audits on grants for fiscal year 1986.

5. The Institute of Museum Services.

a. Summary.—The subcommittee's report, "Future Directions of the Institute of Museum Services," House Report No. 98-1109, September 28, 1984, Forty-ninth Report by the Committee on Government Operations, noted that seven of the 15 members of the National Museum Services Board were from one State. As a result, the subcommittee recommended that no more than three members from any one State serve concurrently.

b. Benefits.—The reauthorization bills adopted by the House (H.R. 3248) and the Senate (S. 1264) supported this recommendation, which was signed into law by President Reagan on December 20, 1985. The recommendation applies to the five board vacancies which will occur in 1986, and all subsequent vacancies.

6. Amtrak's Handling of Employee Misconduct.

a. Summary.—During the 98th Congress, second session, the subcommittee reviewed allegations that Amtrak engaged in extremely harsh and unfair labor practices through abuse of disciplinary due process protections guaranteed its union employees in labor agreements.

b. Benefits.—Because of significant levels of Federal financial support for Amtrak, taxpayers benefit from all improvements in Amtrak's personnel practices and management accountability to corporate principles of integrity. The benefits range from improved productivity and passenger services to reduced legal services costs in defending labor relations, civil rights, and safety-related claims. Management accountability for its misconduct deters misconduct at management levels and sets the required example to combat misconduct at the unionized employee level.

c. Hearings.—Hearings were held in Washington on June 5 and 6, 1985.

7. Minority Business Participation in Department of Transportation Projects.

a. Summary.—The $70 billion Surface Transportation Assistance Act of 1982 required that no less than ten percent of all funds authorized to be appropriated under the legislation be expended with small business concerns owned and controlled by socially and economically disadvantaged individuals. Minority owned and controlled firms are presumed eligible. Funding for this legislation is derived from a five-cent-per-gallon increase in Federal gasoline taxes.

Implementation of this program is by the U.S. Department of Transportation, which, by regulation, requires grant recipients, generally State and local authorities, to certify eligible firms and to assure the required contracting and subcontracting with disadvantaged firms.

The 1983 hearings, immediately following enactment, focused on national implementation and examined local plans in detail in Chicago, Illinois. This oversight gave special attention to New York State including metropolitan New York City.

8. Review of GSA's Asbestos Control Program in Federally Owned or Leased Facilities.

a. Summary.—In 1979, GSA established a nationwide asbestos control program. A survey completed in 1982 revealed so-called friable asbestos in 252 of 2,500 Government-owned facilities. A priority list of 45 facilities was developed for asbestos containment or removal, which was started in 1983 and slated for completion by 1990. GSA stated that $200 million would be obligated for removal.

An EPA survey, however, indicated that about 5,000 federally owned and leased facilities contained friable asbestos. The subcommittee undertook an oversight review to determine the accuracy and scope of surveys, the nature of removal or abatement work, the control and monitoring of all facilities, the adequacy and timing of funding for removal and abatement, the validity of standards for evaluating risk and determining appropriate control actions, and liaison and communication with tenant agencies and their concerned personnel. Recognition of the difficulty of the task was demonstrated by conditions and problems presented at the San Francisco Federal Building (450 Golden Gate Avenue).

A detailed GSA response to subcommittee questions was sent November 12, 1985. It makes clear that funding for design as well as major works will remain a problem. For instance, as of July 1985, abatement expenditures totaled $12 million, all on a nonprospectus basis, for 88 buildings. The new GSA Administrator has advised that the asbestos control program is a major priority item for him.

With respect to leased space, which involves thousands of leases in thousands of buildings, GSA is obtaining owner certifications, a process to be completed in 1986, in addition to GSA assessments for buildings with positive certifications.

A fact sheet dated December 20, 1985, concerning GSA delegation of most operating authority to single-tenant Federal agencies, indicates GSA and the delegate-agencies will share the responsibility on the respective bases of nonrecurring and recurring repairs.

The subcommittee is also following a related hazard, polychlorinated biphenyls (PCB), removal, which has not been incorporated into GSA's general building health and safety program with the asbestos control program.

b. Benefits.—The subcommittee inquiry has required GSA to bring this extraordinary health protection program into realistic focus and to set the necessary measurements and scheduling for its accomplishment. The review has also emphasized the need for a long-term surveillance of this matter by the oversight committees, the authorizing committees (for prospectus cases), and the Appropriations Committees.

c. Hearing.—The subcommittee hearing on March 19, 1985, included testimony from GSA and representatives of employee organizations.

GOVERNMENT INFORMATION, JUSTICE, AND AGRICULTURE SUBCOMMITTEE

1. Electronic Collection and Dissemination of Information by Federal Agencies.

a. Summary.—The subcommittee is undertaking a major review of a developing area of Federal information policy. Modern computer and communications technology is making it easier for agencies to collect and disseminate information electronically. Little work has been done on the policy implications of these new data systems, and the subcommittee is attempting to consider the problems that are likely to arise. The subcommittee's review is currently limited to information systems that maintain public data in electronic formats that are capable of access through remote terminals.

Agencies presently operating or planning electronic information systems include the Securities and Exchange Commission, Federal Maritime Commission, Census Bureau, Patent and Trademark Office, Food and Drug Administration, Agriculture Department, Interior Department, National Aeronautics and Space Administration, Bureau of Labor Statistics, National Library of Medicine, and the White House. Systems range from simple electronic bulletin boards with agency news releases to large data bases containing the complete text of documents collected by agencies in carrying out their regulatory functions.

The major issues presented by electronic information systems are the cost and financing of the systems; the potential of the new technology for increasing the ability of agencies to fulfill statutory responsibilities to make information publicly available; the possibility that monopoly distribution practices will increase agency control over use and redisclosure of public data; the threat of monopoly distribution arrangements; the methods used to procure goods and services needed to support electronic data systems; and the conflict between the Government and the private sector information industry in providing information services to public users.

As part of the work on electronic information issues, the subcommittee undertook an extensive review of OMB's draft circular and information resources management. Lengthy comments on the draft were filed by the subcommittee chairman.

b. Benefits.—Little work on any of these issues has been done in the executive branch, and agencies establishing new electronic information systems are proceeding with little guidance or central direction. The subcommittee's investigation will result in a report that should assist in the development of new information systems.

c. Hearings.—Hearings were held on April 29, June 26, and October 18, 1985. Witnesses included representatives of many of the Federal agencies now working on electronic information systems. In addition, testimony was received from the Information Industry Association and other private concerns affected by agency information automation activities. Testimony was also received on the Office of Management and Budget draft circular on management and information resources. The transcript of the hearings has been printed.

2. Does Farm Financing Face Fundamental Change or Current Credit Crisis?

a. Summary.—This investigation is designed to study the entire field of agricultural financing and of the reaction of the Farmers Home Administration and the Farm Credit Administration to changes that have occurred during recent years. Three public hearings were held during the first session and others are planned for the second session. Although the investigation and hearings have not yet reached the stage of issuing formal reports of findings and recommendations, information developed in a hearing on the operations of the Farm Credit Governor resulted in an amendment which was included in the Farm Credit Act of 1985 (H.R. 3792, passed by Congress on December 18, signed by the President on December 23, 1985; Public Law 99-205).

b. Benefits.—At this time, it is not possible to project what benefits will issue from this study except for the provision included in the Farm Credit Act. This provision will protect local farm credit associations which do not agree to district wide mergers from retaliation and unfair practices of district banks.

c. Hearings.—Three public hearings have been conducted with these subtitles: Background, July 15, 1985; Black Farmers and FmHA Policy, September 27, 1985; and Operations of the Farm Credit Governor, November 15, 1985. The transcript of the hearings has been printed.

3. Rural Electric Administration Proposals for Rural Telephone Systems.

a. Summary.—The subcommittee held a hearing on two proposals by the REA that could have a major impact on rural telephone systems. The proposals are (1) to eliminate the REA division that sets the technical and engineering standards for construction of telephone facilities; and (2) to require borrowers to use working capital to supplement loan funds as a condition of loan approval.

The Administrator of REA testified that the proposals were still being reviewed. Other witnesses testified that elimination of the standards setting function at REA would decrease both the efficiency of REA borrowers and the quality of telephone service in rural areas while construction costs would rise.

Witnesses also questioned the basis for the working capital (general funds) policy and testified that REA was using the policy arbitrarily to limit the availability of loan funds.

The subcommittee questioned the basis for the REA proposals and the impact on millions of people in rural America who rely on REA programs for telephone and electric service. The subcommittee also questioned REA management for ignoring internal studies that advised against eliminating the engineering standards function.

b. Benefits.—The subcommittee requested GAO to review the REA proposals and examine legal questions to avoid prolonged and possibly unlawful curtailment of REA programs. The information collected will be useful to the subcommittee in its continuing oversight.

c. Hearing.—Hearing was held on April 18, 1985. The transcript of the hearing will be printed.

4. Initiatives in Drug Interdiction.

a. Summary.—The subcommittee continued investigations on the effectiveness of the Government's efforts to interdict drugs entering the United States. There continues to be poor coordination among the Federal agencies with primary responsibility for drug interdiction. The Customs Service has made little headway in the development of a threat assessment, and, as a result, is unable to determine resources necessary to improve its interdiction record.

The National Narcotics Border Interdiction System [NNBIS] headed by the Vice President, has played only a minor role in improving the necessary coordination. The Director of the Drug Enforcement Policy Board [DEPB] appeared at a hearing and testified on its efforts over the past year. Unfortunately, the subcommittee found that the DEPB has done absolutely nothing towards coordinating a single policy towards drug interdiction at the Cabinet level.

b. Benefits.—The subcommittee's oversight on this subject has continued to focus attention on drug traffic and poor coordination of Federal interdiction efforts. Hearings have resulted in addtional resources that have been applied to interdiction programs and have prevented major cutbacks in the law enforcement agencies.

c. Hearings.—Hearings were held in Miami, Florida, on March 15, and 16; and in Washington on July 18 and October 24, 1985. The transcript of the hearings has been printed.

5. The Clandestine Manufacture of Illicit Drugs.

a. Summary.—The subcommittee has concentrated on narcotics smuggling into the United States in the past. Recent information indicated that domestic production of illicit dangerous drugs was increasing and contributing to drug related injuries and crimes. Hearings in Oklahoma in September 1985, and in Washington in December gathered information from local law enforcement officials and from the Drug Enforcement Administration.

b. Benefits.—Until this investigation is pursued further in the second session of the 99th Congress, the only evident benefits are the exchange of information and coordination at local and Federal levels. Long range benefits are expected in reduced costs, crimes, and victims.

c. *Hearings.*—Hearings were held on September 24 (Oklahoma City) and December 15, 1985. The transcript of the hearings will be printed.

6. Oversight of the Postal Service Domestic Electronic Mail Program (E-COM).

a. *Summary.*—E-COM is the U.S. Postal Service's electronic mail service that sent letters electronically over the telephone to one of 25 serving Post Offices. Letters were printed at that post office, stuffed in an envelope, and delivered like any other piece of first-class mail—all for 26 cents, despite the fact that it cost the USPS approximately $1.25 to process each E-COM letter.

In two reports prepared by the subcommittee and issued by the Committee on Government Operations in the 97th and 98th Congresses, the committee found the rate charged for the service to be noncompensatory (and thus in violation of the postal rate laws), and that the rate increase proposed by the Postal Service (31 cents) would still not be compensatory since volume failed to grow as predicted by USPS. The committee recommended that USPS consider dropping the service.

Finally, in mid-1984, the USPS Board of Governors decided to sell or lease the E-COM system. After 1 year passed without movement, the Board announced that electronic mail service would be terminated on September 3, 1985, if a buyer could not be found.

b. *Benefits.*—E-COM service was terminated finally on September 3, 1985, with the Postal Service having lost nearly $100 million. The subcommittee's June 10 hearing was a prime motivating factor in setting a specific termination date. Additional losses, in the vicinity of $2 million each month, were avoided by this action.

c. *Hearing.*—Hearing was held on June 10, 1985. The transcript of the hearing has been printed.

7. Oversight of the Postal Service Centralized Delivery Program.

a. *Summary.*—The clusterbox (a unit with eight to sixteen mail receptacles in one large structure at the end of a street or housing unit) is provided by the Postal Service at no charge to developers. Aggressive local postmasters contact developers in early stages to persuade them to install clusterboxes rather than curbside boxes. This deprives the ultimate purchaser of his right to choose his type of mail delivery. And, with the Postal Service providing the boxes, it has become virtually the only purchaser of such receptacles, creating the reverse of a monopoly (called "monopsony") by which it "whipsaws" manufacturers of clusterboxes, forcing down prices and forcing some manfacturers out of business.

Another problem caused by aggressive local postmasters is an effort to force older neighborhoods, with door delivery, to change to clusterbox delivery. The subcommittee held two prior hearings on this subject in March 1983, and in March 1984, aimed at getting a commitment from the Postal Service for more reasonable policies.

The Postal Service has claimed that centralizing delivery cuts costs but has provided little justification for that claim in view of the fact that the Postal Service (rather than the the customer who has door delivery) pays for the mail receptacle, and is responsible for the security and maintenance of the clusterboxes installed by the Postal Service. The purpose of the June 1985 hearing was to press the Postal Service for cost-benefit information and to review progress on policy modifications.

b. Benefits.—The subcommittee is now reviewing the cost-benefit analysis completed by the Postal Service in late December.

c. Hearing.—Hearing was held on June 10, 1985. The transcript of the hearing has been printed.

8. Oversight of Postal Service International Electronic Mail Program (Intelpost).

a. Summary.—In the report prepared by the subcommittee, "Intelpost: A Postal Service Failure In International Electronic Mail" (H. Rpt. 98-675, April 11, 1984), the committee found that USPS has spent over $6 million in development and operation of Intelpost, but obtained gross revenues of only $60,000.

Subsequent monitoring disclosed that the only discernible growth in Intelpost volume had come by the addition of new countries overseas to the Intelpost system. At 1985 hearings the Postal Service was questioned about what had been done to cut losses.

Postal witnesses outlined a number of major cost cutting initiatives; however, they could not explain the basis of certain accounting changes without which Intelpost was found to be losing money still.

b. Benefits.—Close monitoring of actions taken pursuant to the committee's earlier report resulted in a sizable cut in system operating costs—from $1.2 million in fiscal year 1984 to less than $500,000 in fiscal year 1985.

c. Hearing.—Hearing was held on June 10, 1985. The transcript of the hearing has been printed.

9. ZIP + 4 After Five Years.

a. Summary.—The committee issued earlier reports, H. Rept. 96-1531, which addressed planning deficiencies, and H. Rept. 97-397, which addressed questionable economic projections. The subcommittee continued to monitor the Postal Service's ZIP+4 automation program. The subcommittee found that, in the spring of 1985, with ZIP+4 use lagging far behind projections, postal management devised schemes to entice mail users to use the new codes: ZIP+4 and other mail could be commingled without loss of discounts; ZIP+4 mail presorted to the third digit would be given the same discount previously given mail presorted to the fifth digit; and, experiments were undertaken to make manual sortation more compatible with ZIP+4 codes. Finally, the Board of Governors, in June, decided on a third equipment buy: Kits would be purchased to convert the 406 as-yet-to-be-delivered phase II single-line OCR's (optical character readers) to multiline readers and the Postal Service would buy several hundred multiline readers. Phase I single-line OCR's would be declared, more or less, obsolete. At the same time, the Postmaster General announced that he would seek increased discounts for users of the 9-digit codes.

The subcommittee held additional hearings to obtain information on continuing shortfalls in volume and savings projections, as well as on the impact of the proposed increase in the ZIP+4 discount. An October hearing focused on an apparent conflict between the Postal Service governing board and postal managers over the future of ZIP+4.

b. Benefits.—The plan to double ZIP+4 discounts, which were already larger than per piece savings, was shelved. The Governors themselves expressed concern and began to examine management's delaying tactics on equipment procurement.

c. Hearings.—Hearings were held September 13 and October 23, 1985. The transcript of the hearings will be printed.

10. Counterintelligence and National Security Information.

a. Summary.—The subcommittee held a hearing in June to investigate whether counterintelligence programs are sufficient in terms of manpower, authority, and management to respond to the record threat of Soviet espionage. Witnesses appeared from the General Accounting Office, Federal Bureau of Investigation, the Department of Defense, and the Department of the Navy.

c. Hearings.—Hearings were held June 17, 1985. The transcript of the hearings will be printed.

11. America's Farm Crisis.

a. Summary.—The subcommittee took the opportunity to receive testimony of farmers from all parts of the Nation while they were in Washington in connection with credit legislation being considered by the Congress. Earlier in the session, subcommittees of the Committee on Agriculture had obtained testimony from credit organizations, farm organizations, and the administration. Testimony at this hearing rounded out the picture with information from those most affected by the crisis in agriculture financing.

b. Benefits.—Information developed from this hearing led to investigations for the later series of hearings by the subcommittee that focused on the status of agricultural financing in the Nation.

c. Hearing.—Hearing was held on March 5, 1985. The transcript of the hearings has been printed.

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE

1. The Federal Response to the AIDS Epidemic.

a. Summary.—As a followup to this subcommittee's investigation in the 98th Congress, the subcommittee, in conjunction with the Committee on Energy and Commerce, requested that the Office of Technology Assessment (OTA) conduct a review of ongoing and proposed activities of the Public Health Service in response to AIDS and evaluate the planning, resources, and staffing of PHS' efforts to control the epidemic.

In February 1985, OTA issued a report to the two committees entitled "Review of the Public Health Service's Response to AIDS" that corroborated many of the subcommittee's previous findings of deficiencies in the Government's program to control the epidemic. Specifically, OTA found that while the scientists in the Public Health Service have made significant advances in AIDS research, the administration has consistently refused to provide PHS with the level of resources that the scientists indicated was necessary to address the epidemic. Instead of requesting additional funds from Congress, OTA found that the administration's policy has been to transfer funds and staff from other PHS activities for AIDS. OTA concluded that personnel ceilings have been a particular problem. The combination of inadequate and uncertain funding levels resulted in PHS agencies being unable to plan their activities adequately and intensified competition among the various PHS components for limited resources.

In addition, OTA questioned whether adequate resources have been devoted to specific AIDS activities, including research on factors affecting the transmissibility of the disease, the provision of treatment for AIDS patients, and education, prevention, and risk reduction efforts.

OTA also raised other issues including (a) the need to accelerate federally funded research in public health emergencies without compromising the quality of research, (b) the need to improve access to commercially sponsored research without infringing on the property rights of commercial enterprises, (c) the need to address issues of confidentiality and informed consent in the context of involving AIDS patients in research protocols and in the use of tests for detecting exposure to the HTLV-III virus, and (d) the need for the Federal Government to address the worsening problems of providing clinical and supportive services to AIDS patients.

In addition to the OTA study, the subcommittee has undertaken a review of the impact of this crisis in several cities across the country. From testimony received in San Francisco, New York City, and Seattle, the subcommittee found that the epidemic is placing unprecedented strains on local health care and social service delivery systems. In particular, there are concerns about the localities' ability to provide the needed continuum of care for AIDS patients, ranging from hospital care, to skilled nursing care, to home health care, to hospice care, to shelter. Moreover, because all levels of government have been negligent in developing comprehensive public education campaigns to inform the public about the transmissibility of the disease, many cities across the country are faced with crises of panic generated by fear of the disease.

b. Benefits.—The subcommittee's work has focused attention and concern on serious deficiencies in the Federal Government's response to the AIDS epidemic and on problems faced by cities and States attempting to manage this crisis on the local level.

c. Hearings.—Hearings were held on February 21, 1985, in Washington, D.C.; July 3, 1985, in San Francisco; September 13, 1985, in New York City; and December 2, 1985, in Seattle.

2. Federal and State Roles in Economic Development.

a. Summary.—Over the past 10 years, States have taken the lead in formulating a unified approach to economic development and job creation, including new approaches to tackling the problems of distressed economic areas. Many States are asserting that the traditional business attraction strategy that was the mainstay of State economic development policy is not sufficient for fostering economic growth. Some States are giving new emphasis to what constitutes an attractive climate for business development and retention and are deemphasizing the importance of tax subsidies.

Local economic development organizations have also developed an increasingly sophisticated set of strategies and institutions for addressing the problems of economic revitalization. These organizations are developing innovative approaches to economic development in low income areas, ranging from housing development to economic development finance and business creation. Efforts on both the State and local level reflect a new appreciation of the returns available from investing in education, training, infrastructure, and entrepreneurship.

This spurt of State and local innovation has occurred for three reasons. First, intensified global competition has resulted in a sense of insecurity about how permanent local industries and jobs will be. Second, the depth of the last recession left many communities with weakened economies and these areas are in the process of rebuilding. Third, the traditional economic development strategies of tax and other subsidies were not successful in solving the complex problems of persistent poverty.

At the same time, the current administration has chosen to limit the direct role of the Federal Government in economic development, instead attempting to provide tax incentives to stimulate investment and a regulatory environment that is conducive to growth. The administration's budget proposal to cut or eliminate funding for the Economic Development Administration, the Appalachian Regional Commission, and the Small Business Administration is consistent with this policy. The reduction of the direct Federal role in economic development since 1980, however, stands in sharp contrast to the previous 20 years that saw a large expansion in Federal involvement.

Given that Federal and State roles in economic development have shifted over the past decade, the subcommittee undertook an investigation to evaluate the strengths and weaknesses of past and current Federal policy, the State and local initiatives being undertaken, and the appropriate direction for future Federal policy.

b. Benefits.—The subcommittee hearings focused attention on an important area of change in Federal/State relations and on a critical area of need in Federal policy.

c. Hearings.—Three hearings were held that took testimony from experts in the field as well as public officials. The first was a field hearing in Seattle, Washington, on December 2; the second and third hearings took place in Washington, D.C. on December 4 and 5, 1985. A hearing transcript and report will be issued.

3. The Use of Consultative Examinations in the Social Security Disability Programs.

a. Summary.—The Social Security Administration's (SSA) two disability programs, Disability Insurance and Supplemental Security Income, pay benefits to individuals who cannot work due to medically determinable physical or mental impairments. In 1984, these programs paid more than $25 billion to 6.3 million disabled individuals and their dependents.

Disability determinations are made by State agencies regulated by SSA. SSA permits States wide latitude in managing their agencies and exercises oversight through its regional offices. In 1976, consultative examinations were purchased for about 24 percent of claims processed; in 1984, for approximately 44 percent. The increase resulted from greater SSA emphasis on decisional accuracy and from the disability reexaminations mandated by Congress in 1980, which require more medical evidence to document the current severity of impairments. SSA will spend $203 million on consultative examinations in fiscal year 1986.

The subcommittee's major finding was that as much as 50 percent of the costs of the examinations may have been unnecessary for various reasons. For example, doctors who performed the examinations had marked up the lab costs associated with the examinations by as much as 300 percent. Moreover, 30 to 60 percent of the examinations or tests may have been unnecessary because the medical evidence of record was already complete in those cases.

The subcommittee also found that certain risky procedures, such as treadmill tests for cardiac patients were life threatening, and in some isolated cases, possibly contributed to the deaths of claimants.

b. Benefits.—SSA has agreed to initiate major reforms in the program and has already begun working on draft regulations to prohibit profiteering on lab tests and to restrict the use of unnecessary examinations.

c. Hearing.—A hearing was conducted on December 11, 1985.

4. Computer Matching.

a. Summary.—In recent years, Federal and State agencies have dramatically increased the use of computer matching as a means of detecting fraud, waste, and mismanagement in Government programs. Prior to May 1982, OMB Privacy Act matching guidelines called upon Federal agencies to determine whether a "demonstrable financial benefit" can be realized before conducting a computer match. This requirement was dropped in 1982.

Despite claims of the savings potential of computer matching, there are no generally accepted, systematic methods by which the cost-effectiveness of computer matching efforts can be measured. Few studies are available that document the overall costs and saving of computer matches.

In view of the growing reliance on computer matching for reducing Government fraud and waste and the paucity of information about its effectiveness, the subcommittee has requested that the General Accounting Office develop a methodology that will permit an evaluation of the costs and benefits of matching. It is expected that GAO will complete this study during the first few months of the second session of the 99th Congress.

b. Benefits.—It is not possible to determine the benefits at this time since the development of the methodology is not complete. However, the subcommittee expects that a viable mechanism for evaluating cost-effectiveness of computer matching will greatly contribute to a more effective and efficient use of matching by Federal agencies.

c. Hearings.—No hearings have been conducted to date.

5. Review of the Impact of Executive Order 12498 on Agencies Within Subcommittee's Jurisdiction.

a. Summary.—In January of 1985, the President issued Executive Order 12498, which imposed new substantive and procedural requirements upon Federal agency rulemaking activities. The order requires OMB to review all agency activity which may "influence, anticipate or could lead to the commencement of rulemaking proceedings at a later date." OMB review of so-called prerulemaking activities constitutes a significant departure from previous administration review procedures. The scope of prerulemaking actions includes such activities as the decision to create an agency task force to evaluate the need for a regulation; the decision to undertake a study to assess an economic problem related to possible regulatory action; and the decision to analyze health and safety risks concerning a hazard, the regulation of which could be significant.

The subcommittee has undertaken a review of the impact of this Executive order on rulemaking activities in agencies within the subcommittee's jurisdiction. Reviewing this process will provide important information about agency plans, decisions, and activities.

b. Benefits.—Although the subcommittee review of the Executive order's effect on agency rulemaking is not yet complete, it is clear that monitoring this process is essential to effective congressional oversight.

c. Hearings.—No hearings have been held.

6. Limits on the Dissemination of Information by the Department of Education.

a. Summary.—In 1982, the Publications and Audio Visual Advisory Council (PAVAC) was created in response to a directive by the Office of Management and Budget. It was intended to save Federal monies spent on publications and audiovisual products, by reviewing those products and approving only those that are essential and cost-effective.

The investigation focused on PAVAC's review of products developed by 15 educational labs and centers primarily funded by the National Institute of Education, and products resulting from grants funded under the Women's Educational Equity Act.

Testimony at the hearing revealed that PAVAC's decisions to disapprove many of the products that they reviewed conflicted with the mandate of those programs to disseminate educational information. In addition, the amounts of money that the Federal Government saved by not publishing these products was less than $40,000 for the last 3 years, compared to many millions of dollars spent on the research and program evaluations on which the publications were based.

b. Benefits.—The investigation provided the opportunity to clarify the role of PAVAC, and the inconsistencies and weaknesses of the current review process. The subcommittee is continuing its investigation, as the Department revises the PAVAC process.

c. Hearing.—A hearing was held on November 13, 1985. The transcript will be printed.

7. Medicare Reimbursement.

a. Summary.—The Social Security Amendments of 1983 substantially changed the way the Federal Government pays for medicare. Under the new prospective payment system, payment rates to hospitals are determined on the basis of diagnosis of the medicare patient rather than on the actual costs of treatment. Patients are classified according to diagnostic related group (DRG), and the hospitals' payments are based on the actual costs of medical care for patients with a given diagnosis.

This new prospective payment system has been gradually phased in since 1983, but it not yet fully in place. Because of initial concerns about the new DRG system, several health care settings were temporarily exempted from the system; these included drug and alcohol abuse treatment facilities and psychiatric hospitals. The exemption for the alcohol and drug abuse facilities was due to expire in October, and those for psychiatric facilities were due to expire in December. Based on its investigation, the subcommittee wrote to the Secretary of Health and Human Services to express its concern that more careful examination of the payment options is needed before a prospective payment system should be used for the exempt facilities.

b. Benefits.—The Department of Health and Human Services has extended the DRG exemption for drug and alcohol abuse treatment facilities until October 1986. Inclusion of psychiatric facilities in the DRG system has also been postponed.

c. Hearings.—No hearings have yet been held.

8. National Center on Child Abuse and Neglect.

a. Summary.—For several months, the subcommittee has been conducting an investigation of the grant review process of the National Center on Child Abuse and Neglect. The Department of Health and Human Services refused to provide information that had been requested about reviewers for the national resource centers for child abuse and neglect and child sexual abuse. After several months of fruitless negotiations on this issue, the Committee on Government Operations served a subpoena to the Department for this information. These documents have now been received and are being examined, and other grant proposals are also being investigated.

b. Benefits.—The purpose of the investigation is to make sure that the Federal funds that are allocated for child abuse and neglect programs are being spent effectively and appropriately.

c. Hearings.—No hearings have yet been held.

9. NIH Research Funding.

a. Summary.—In 1984, Congress approved a budget of more than $5 billion for the National Institutes of Health, which included enough money to fund more than 6,500 new and competing grants. These grants were intended to fund research on a wide range of health issues, such as cancer, AIDS, Alzheimer's Disease, arthritis, heart disease, mental retardation, and birth defects. President Reagan signed this appropriations bill, but in December 1984 the

Office of Management and Budget directed NIH to decrease the number of grants by 23 percent, to only 5,000.

The investigation focused on the impact of this cut in grants, in terms of the knowledge lost in particular fields as well as the potential loss of scientists from a variety of disciplines.

b. Benefits.—Because of these and related efforts in both Houses of Congress, a compromise of 6,200 grants was made between Congress and the administration for fiscal year 1985 and fiscal year 1986.

c. Hearing.—A hearing was held in Birmingham, Alabama, on June 10, 1985.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES SUBCOMMITTEE

1. Review of Long-Term World Oil Outlook; Petroleum Product Imports; and Energy-Related Tax Reform Proposals.

a. Summary.—The subcommittee held two days of hearings—April 1 and 2, 1985—to review the long-term world oil outlook and its implications for U.S. energy security vulnerability. The hearings also addressed the potential impacts of two related, but more specific, issues affecting the oil outlook for the United States: increasing imports to the Nation of oil products and administration-proposed oil and gas-related tax reforms.

b. Benefits.—The oil outlook for the United States and the world has major implications for long-term U.S. economic and national security interests, but exact monetary savings cannot be determined.

c. Hearings.—The subcommittee held hearings on April 1 and 2, 1985. Transcripts have been printed.

2. U.S. Synthetic Fuels Corporation's Proposal To Award the Great Plains Project $820 Million in Additional Federal Financial Assistance.

a. Summary.—In May 1985 the subcommittee held hearings to review a proposal by the U.S. Synthetic Fuels Corporation (SFC) to award an additional $820 million in Federal assistance to the Great Plains Coal Gasification Project in Beulah, North Dakota. Great Plains, the Nation's first commercial-scale synthetic fuels project, was the subject of a previous subcommittee hearing in October 1983.

In January 1982, the project's sponsors, Great Plains Gasification Associates (GPGA), received a Federal loan guarantee from the Department of Energy for up to $2.02 billion. At the time of the subcommittee's May hearings, GPGA had borrowed $1.46 billion in Federal funds for construction of the 22,000 barrel/day coal-to-gas facility. The project's sponsors had invested $557 million in equity. Concerned about the continued deterioration of energy prices, the sponsors had requested price guarantee assistance from the SFC. GPGA argued that absent such assistance, the project would be abandoned and default on the outstanding taxpayers' loan would occur. After several deliberations, the Synthetic Fuels Corporation responded by proposing an award of $820 million in price guarantees contingent upon actions by the Department of Energy to restructure the loan repayment schedule.

As with the subcommittee's first hearing on Great Plains, the May hearing focused on questions regarding the advisability and wisdom of granting the project sponsors additional taxpayer subsidies. The subcommittee reviewed Great Plains' projected economic viability and examined the potential fiscal impacts of the SFC's $820 million price guarantee proposal. Testimony was received from representatives of the General Accounting Office, the Synthetic Fuels Corporation, the Department of Energy, and GPGA.

Witnesses from the General Accounting Office and the Department of Energy estimated a probability of project abandonment following the exhaustion of price guarantees proposed by the SFC. The subcommittee raised repeated concerns about granting Great Plains further taxpayer subsidies without adequate expectations of long-term plant operations. In addition, the subcommittee reviewed financial analyses relating to the project's ability to continue operations should GPGA exercise its abandonment option.

Two months after the subcommittee's hearing, Secretary of Energy John Herrington rejected the SFC's assistance proposal. Citing concerns similar to those raised at the subcommittee's May hearing, Secretary Herrington determined that the Synthetic Fuels Corporation's proposal "would very likely be uneconomical for the United States Government and would not be in the best interests of the Nation as a whole." The $820 million SFC assistance proposal was withdrawn and the sponsors shortly thereafter terminated their participation in the project. The project is presently operating under the management of the Department of Energy.

b. Benefits.—The subcommittee's investigation revealed substantial uncertainty about the prudence and advisability of further taxpayer investments in the Great Plains Project. In particular, the hearing focused public and congressional attention on the limited benefits and substantial costs associated with the SFC's assistance proposal. Ultimately, the SFC proposal was rejected by the Secretary of Energy, and the taxpayers were spared an unnecessary and unwarranted $820 million obligation. Despite the sponsors withdrawal, the project continues to operate, thereby providing important technical, environmental and economic information about the commercialization of synthetic fuels technologies.

c. Hearing.—The subcommittee held a hearing on May 22, 1985. The transcript has been printed.

3. Collection of Fees for the Abandoned Mine Land Fund, Surface Mining Control and Reclamation Act of 1977.

a. Summary.—The subcommittee conducted an investigation into complaints that the Department of the Interior's efforts to carry out its responsibilities to collect money for the abandoned mine land fund, established by the Surface Mining Control and Reclamation Act of 1977, were inadequate.

Money from the fund is used to repair environmental damage resulting from coal mining which occurred *prior* to enactment of the Surface Mining Control and Reclamation Act of 1977. Abandoned mine reclamation (AML) funds pay for the restoration of land and water resources adversely affected by past coal mining, the sealing and filling of dangerous abandoned deep mine tunnels, and the control and abatement of water pollution created by coal mine drainage. The fund has a life span of only 15 years (until 1992), during which time an estimated $3 billion will be collected. The total nationwide cost of the repair of abandoned coal mine sites and affected resources is estimated to be 10 times greater, although no one is sure how many sites will require reclamation. The law provides that coal lands causing public health and safety problems must be repaired first, and those causing environmental problems receive secondary attention.

Each calendar quarter, coal operators report the amount of their production and pay a corresponding reclamation fee to the Office of Surface Mining (OSM). Collected money goes into the United States Treasury and, in turn, Congress appropriates the money for allocation to States to carry out the purposes of the act.

OSM had taken the position that it was doing a good job collecting AML fees. During the subcommittee's 1985 hearings OSM claimed that it was collecting more than 98 percent of the "known debt." At that time, OSM stated it had collected about $1.2 billion, and the outstanding uncollected debt was $31 million. However, the subcommittee's hearings identified a variety of problems in the administration of the program by the Office of Surface Mining.

The most significant of these has been its failure to identify money that is owed by coal producers, but which is not reported to OSM. The subcommittee conducted a detailed comparison of coal production data reported to the Energy Information Administration with data reported to the Office of Surface Mining. The comparison for one major coal producing State revealed that for 1 year only, nearly 5 million tons of coal had been produced for which no reclamation fee was paid. Depending upon whether production was from surface or underground mines, the unreported fees could range from $741,000 to $1.7 million. If the mines examined are representative of approximately 3,800 actively operating mines in that State, then the total amount of unreported fee would be much greater. Extrapolating from the data obtained, it was estimated that in that one State, the AML fund could have lost as much as $12 million over the past 7 years.

The subcommittee also learned OSM has a seriously deficient audit program: There are not enough auditors, many lack basic training and background in audit skills, and audits are not being conducted in accordance with the Department's own requirements and procedures. Furthermore, the subcommittee found that fee compliance officers spent about 40 percent of their time on nonfee compliance related activity, with the result that most mines have not been audited.

b. Benefits.—It is currently estimated that it will cost approximately $30 billion to reclaim abandoned mine sites. By contrast, it is estimated that the money that will actually be collected under the AML program is $3 billion. Any action that will improve the Office of Surface Mining's ability to identify and collect money owed the program directly affects the ability to clean up sites. If the money is not collected for the AML fund, then it must be collected from alternative sources, or sites will continue to cause damage to the environment. It is estimated that $12 million could be saved by collecting fees on unreported mining in just one State that was studied. The total savings in all coal mining States could obviously be many times that amount.

c. Hearing.—The subcommittee held a hearing on July 11, 1985. The transcript has been printed.

4. Assessment of Progress Towards the Development of an Effective National Groundwater Protection Program.

a. Summary.—For more than 5 years the subcommittee has been studying problems relating to the protection of groundwater, including many days of hearings and two investigative reports. Those hearings and reports showed that groundwater is one of our most valuable natural resources; that it is extremely vulnerable to contamination by hazardous wastes and other substances harmful to human health; that significant contamination has already occurred; and that the existing patchwork of Federal, State and local laws and programs provided inadequate protection due to a lack of effective cooperation and coordination both within and between the various levels of government.

In response to recommendations in the subcommittee's reports the Environmental Protection Agency last year issued a National Groundwater Protection Strategy intended to bring about a better coordinated groundwater protection program.

On December 3, 1985, the subcommittee held hearings to assess progress towards the development of an effective national groundwater protection program, receiving testimony from representatives of Federal and State government and private broadbased organizations involved in studying groundwater protection problems.

b. Benefits.—Testimony at the hearing indicated that, while some progress has been made in implementing the EPA Strategy, a number of problems remain and much remains to be done in order to develop an effective national groundwater protection program. The subcommittee will continue its investigation of this subject during the next session.

c. Hearing.—The subcommittee held a hearing on December 3, 1985. The transcript will be printed.

5. Review of the Management of Livestock Grazing on Federal Lands.

a. Summary.—Among the duties of the Bureau of Land Management (BLM) and the Forest Service (FS) is the management of livestock grazing on about 307 million acres of public rangelands located within 16 Western States. Public rangelands are managed in accordance with the Taylor Grazing Act of 1934, the Federal Land Policy and Management Act of 1976 (FLPMA), and the Public Range Improvement Act of 1978 (PRIA).

According to BLM and Forest Service data, about 31,000 permittees graze livestock on the public rangelands. They represent 8 percent of the 386,000 livestock producers in the 16 Western States and 2 percent of the 1.6 million producers in the United States.

For the 3 years, 1982 through 1984, the total cost of the BLM and Forest Service grazing programs, including allotment planning and inventory, management, and range improvements, was about $174 million. During that same period, grazing fee receipts were only about $79 million, or about $95 million less than the costs of administering the programs.

PRIA established the current formula for determining grazing fees for the grazing years 1979 through 1985 on a trial basis. The formula ties the grazing fee to lease rates on private grazing land and to an index of livestock market conditions. The formula, as designed, created a fee system that is primarily based on the ranchers' cost of production and the price they receive for beef. Generally, the fee goes down when the cost of production increases and beef prices remain about the same.

The current grazing fee is considerably below fair market value. According to BLM and Forest Service data, grazing fees on public land averaged 33 percent of the appraised market value, for the years 1979 to 1983—with a low of 21 percent of market value in 1983, when public fees were $1.40 an animal unit month (AUM) compared to the appraised market value of $6.65. Also, fees charged on other Federal lands (Department of Defense, Bureau of Reclamation, etc.), State lands, and private lands range as high as $14.00 per AUM.

Under the Public Rangelands Improvement Act of 1978, the Secretaries of the Interior and Agriculture are to report to the Congress by December 31, 1985, ". . . their evaluation of the fee established in section 6 of this Act and other grazing fee options, and their recommendations to implement a grazing fee schedule for 1986 and subsequent grazing years." Although the Secretaries issued a draft report in March 1985 for the purpose of obtaining public comments, a final report had not been issued as of December 13, 1985. This report continued to be delayed, even as negotiations were underway regarding future grazing legislation.

The subcommittee reviewed the Federal programs for livestock grazing to determine what kind of job the agencies are doing in carrying out their responsibilities, and the impact of grazing fees, if any, on their ability to do their job. Since the BLM and the Forest Service have spent about $4 million studying the grazing fee in order to make a recommendation to Congress, the subcommittee wanted to know why the Congress had not yet heard from the agencies.

The subcommittee wanted to know what the BLM had done in response to legislation enacted by Congress to capture revenue lost to the Treasury due to a practice commonly referred to as subleasing. Frequently permittees, who currently pay $1.35 an animal unit month to lease public land, turn around and allow someone else to graze livestock on the leased public land. The "sublessee" sometimes pays as much as $8.00 to $10.00 an AUM, but this revenue does not go into the public Treasury as compensation for the use of the public land. In the 1985 Appropriations Act, the Congress provided that the difference was to be collected by BLM and returned to the U.S. Treasury.

The subcommittee found that over 1 year after Congress passed the provision for collecting sublease windfall profits, BLM had not yet collected anything. At the hearing, the BLM Director said that BLM has provided instructions to its field office to give priority to collecting profits covered by the law.

A number of other problems were identified in a review of the BLM grazing program by the Interior Department's Office of Inspector General (IG). At the subcommittee hearing, the IG testified that BLM was not actively pursuing enforcement of its grazing trespass regulations. The IG concluded that BLM was not effective in detecting and preventing unauthorized grazing. In addition the IG found that BLM, in its settlement of trespass cases, was not collecting all of the administrative costs incurred by the United States.

Additionally, the IG review disclosed that BLM was not properly accounting for expenditure of range improvement funds. Further, BLM does not have an accurate inventory of range improvements on public lands and money was being spent on improper projects and projects not supported by required cost benefit analysis.

The subcommittee's review also raised serious questions about a potential conflict of interest with respect to the BLM Director's role in key policy changes affecting grazing permits. In 1981, the Office of Government Ethics determined that a transaction set up by the Director regarding his Federal grazing permits left him with interest in Federal resources in violation of the law. He was therefore required to recuse himself from certain decisions. As the then-Secretary of Interior advised; "I will expect you to recuse yourself from *any* decisions which directly affect the grazing permits you now own. Should such decisions arise, you are to refer them to the Secretariat for decision *without recommending a course of action.*"

At the subcommittee hearing, the Director was asked about the relationship between policy decisions relating to grazing permits and water rights that affect property in which he has an interest. In this connection, the concern was raised that he has violated his recusal statement.

The BLM Director responded that, although he retained an interest in private property to which Federal grazing permits are attached, he had transferred the permits to his sons. He said that he no longer has any interest or control over the permits. In this regard, he indicated it was unnecessary for him to recuse himself from decisions which affect all grazing permits.

b. Benefits.—An increase in the grazing fee would help reduce the $30 million to $40 million annual net cost of the program. Grazing program costs can be further offset if BLM makes a concentrated effort to collect the windfall profits made by permittees for subleasing their public land grazing privileges to others.

Additionally, there is an opportunity for recapturing current administrative costs, if the agencies would keep track of and recover all costs associated with grazing trespass. Further, improved cost accounting controls for BLM range improvements could result in a substantial savings for these items.

c. Hearing.—The subcommittee held a hearing on December 13, 1985. The transcript will be printed.

COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE

1. Federal Regulation of Brokered Deposits in Problem Banks and Savings Institutions.

a. Summary.—In the 98th Congress the subcommittee held hearings and conducted extensive investigations and statistical studies on this subject, resulting in a committee report (House Report No. 98-1112). The subcommittee continued to study this subject closely in the 99th Congress because of active congressional interest in possible legislation to regulate brokered deposits, as well as continued regulatory efforts by the FDIC and Federal Home Loan Bank Board.

Based on additional statistical tabulations prepared at the subcommittee's request by the FDIC, FHLBB, and U.S. General Accounting Office, and on special analyses of brokered funds for the subcommittee by the Comptroller of the Currency and the FHLBB, the subcommittee has found no need or basis for highly restrictive regulations or legislation on brokered funds, as actively proposed by the FDIC and FHLBB. Among commercial banks, brokered deposits have declined dramatically as a factor in recent failures, and abusive use of brokered funds has always been limited to relatively small banks and appears to be effectively controlled by vigorous supervision and enforcement of existing rules and regulations. Likewise, among problem savings institutions brokered deposits have been effectively reduced by vigorous supervisory intervention and enforcement of the FHLBB's net worth rule.

The subcommittee's supplementary analysis was described in a staff memorandum that received wide circulation, and a report draft has been prepared and will be presented for approval early in the second session.

b. Benefits.—The subcommittee's additional work has provided updated independent background analysis of this issue to assist Congress in evaluating the legislative proposals of the FDIC and FHLBB.

c. Hearings.—No additional hearings were held.

2. The Impact of Faulty and Fraudulent Appraisals on Real Estate Lending by Federally Insured Financial Institutions and on the Mortgage-Related Activities of Other Agencies of the Federal Government.

a. Summary.—The investigation focused on: (1) the nature and extent of problem appraisals and appraiser performance; (2) the impact of faulty and fraudulent appraisals on the safe and sound operation of federally insured thrifts and banks and on the secondary mortgage market; (3) the reasons for inadequate, unethical and dishonest appraisal practices and appraiser performance; (4) the adequacy of Federal, State and private sector responses to problem appraisals; and (5) proposals to address the problems identified.

The investigation has shown that faulty and fraudulent appraisals have been a major contributor to the troubled real estate loan portfolios of many of our Nation's financial institutions. Similarly, problem appraisals have impacted adversely on Veterans' Administration and Federal Housing Administration mortgage loan guarantee programs, and have contributed to significant losses within the Federal National Mortgage Association. In short real estate appraisal abuses were found to be a serious national problem and, moreover, one which is not being adequately addressed by responsible public and private sector institutions or agencies.

b. Benefits.—Faulty and fraudulent appraisals that overvalue property collateralizing real estate loans provide the essential documentation justifying those loans. If the hearings help to establish more honest and accurate appraisals, it will lead to safer real estate portfolios and sounder financial institutions.

c. Hearings.—Hearings were held December 11 and 12, 1985, and will be printed. Additional hearings are likely to be held early in the second session of the 99th Congress.

3. Adequacy of the Federal Response to the Failures of Government Securities Dealers.

a. Summary.—The subcommittee has been examining the recent failures of several Government securities dealers, including ESM of Fort Lauderdale, FL, and BB&S of Livingston, NJ. These failures resulted in hundreds of millions of dollars in losses to federally insured financial institutions, municipalities, the FSLIC, FDIC and SIPC insurance funds; and impacted the Treasury's debt financing mechanisms.

The subcommittee's investigation focused on the role of Federal agencies responsible for supervising the Nation's securities and financial markets, in detecting and deterring the collapse of Government securities dealers and preventing losses to their customers.

A report is in preparation.

b. Benefits.—The recent failures of ESM, BB&S and other Government securities dealers resulted in enormous losses to customers and insurance funds and impacted confidence in the Government securities markets. If the subcommittee's investigation and report result in an improvement in the existing Federal apparatus for safeguarding those markets, the losses will be minimized, Federal debt costs reduced and investor confidence improved.

c. Hearings.—Hearings were held on April 3 and May 15, 1985, and has been printed.

4. Bush Task Group Report on Regulation of Financial Services: Blueprint for Reform.

a. Summary.—On July 2, 1984, an interdepartmental and interagency group under the chairmanship of the Vice President issued a report entitled "Blueprint for Reform: The Report of the Task Group on Regulation of Financial Services." The report was eventually supplemented, in part, with a report of the Working Group of the Cabinet Council on Economic Affairs, entitled "Recommendations for Change in the Federal Deposit Insurance System."

The Blueprint suggested sweeping revision of the organization and operation of both the Federal and State regulatory systems overseeing banks, savings banks, and savings and loans and holding companies owning such institutions and a number of miscellaneous revisions to the financial system in general. The report set forth more than four dozen specific recommendations.

The major ones were geared to improving the safety and soundness, consumer protections, and competition and efficiency of these kinds of depository institutions.

In moving toward those goals, no agency would be eliminated, but agency responsibility would be clarified and the overall process would be streamlined. In some areas, regulatory functions would be consolidated in a single agency; in others, existing regulatory programs would be modified to reduce unnecessary costs.

Additionally, the report endorsed the concept of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation moving toward the concept of risk-related premiums to be paid for deposit insurance instead of the current flat percentage rate system.

Finally, the report recommended a general "clean-up" of many obsolete statutes such as the laws governing the circulating of national bank notes and custody of the engraving plates for the Nation's currency.

b. Benefits.—Much of the Nation's financial system is under increasing stress due, in part, to the fact that the Federal and State regulatory apparatus that oversees it has not kept pace with changes in technology and market structure. Indeed, over the years, regulatory jurisdiction has been piled on regulatory jurisdiction to the point that disagreements over the interpretation of basic laws upon which so many regulatory agencies must pass are causing delays and inefficiencies throughout the structure. Additionally, stress has been added by the inability of the depository insurance/regulatory agencies to contend with more risk appearing among their insured.

The benefit of the investigation has been to air the views of the administration in a congressional forum and commence the process of dealing with changing this state of affairs. Additionally, since the Blueprint was signed and endorsed as a package by Vice President Bush, the Secretaries of the Treasury and Justice Departments, the Chairmen of the Federal Reserve Board, Securities and Exchange Commission, the Commodities Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board (Federal Savings and Loan Insurance Corporation), the National Credit Union Administration, the Council of Economic Advisers, the Director of the Office and Management and Budget, and the Assistant to the President for Policy Development, the subcommittee was able to probe the actual degree of unanimity regarding the Blueprint among these various departments, agencies, and administration officials.

c. Hearings.—Hearings were held on March 26 and 27, 1985, and September 18, 1985, and have been printed.

5. Problem of Tax Return Nonfiling by Americans Living Abroad.

a. Summary.—The subcommittee conducted an investigation and held a hearing into evidence that hundreds of thousands of Americans living abroad fail to file tax returns or underreport their income. The General Accounting Office conducted the inquiry at the subcommittee's request.

b. Benefits.—Although tax losses to the Treasury are difficult to quantify, it is clear that many tens of million of dollars are being lost because of tax evasion or tax avoidance by Americans living abroad. A tightening of procedures and more attention to this problem by IRS will recapture much of this money.

c. Hearing.—A hearing was held May 8, 1985, and has been printed.

6. Consumer Product Safety Commission's Response to Hazards of All-Terrain Vehicles (ATV's).

a. Summary.—Information developed by the Commission and by the Commerce, Consumer, and Monetary Affairs Subcommittee demonstrate that a significant increase in deaths and serious injuries have accompanied the increased popularity of three-wheel motorized vehicles, known as ATV's, all-terrain vehicles. As of the date of the subcommittee's hearing, 161 ATV-associated fatalities and 128,400 emergency room treated injuries are known to have occurred since 1982. In 1984, injuries were almost 2½ times the number in the previous year and more than 7 times the number in 1982. Figures for the first 4 months of 1985 show an 80-percent increase in injuries over the same period of 1984.

A significant portion of these deaths and injuries occur to young people, and injuries often involve severe physical impairment. In comparing ATV injury and death rates with rates for other off-road recreational vehicles, the Commission staff has found that ATV-related injuries were nearly double those for minibikes and trail bikes and more than eight times those of snowmobiles.

The Consumer Product Safety Commission is the only Federal Government agency with jurisdiction for safety risks related to ATV's. The CPSC has wide-ranging powers to obtain information, to educate the public, and to work with manufacturers to improve the safety of products used by consumers. The Commission has also granted substantial compliance and enforcement powers over unsafe products in the Consumer Product Safety Act. The investigation is undertaken to explore the ATV safety issue and the industry's and the Commission's reaction to it.

b. Benefits.—It is not possible to determine benefits at this time since the investigation is not complete.

c. Hearing.—A hearing was held on May 21, 1985, and has been printed.

7. Effectiveness of Operations of U.S. District Offices of U.S. and Foreign Commercial Service.

a. Summary.—The Department of Commerce's U.S. Commercial Service (USCS) is the domestic arm of the Government's export promotion activity. The USCS operates offices located in 47 major cities in the United States. Its mission is to help promote U.S. exports and to provide assistance to exporters, particularly small- and medium-sized firms and companies new to the export market. Its fiscal year budget is about $15 million and its staff resources total about 380. These district offices are linked electronically to 124 overseas posts of the Foreign Commercial Service (FCS) in 68 countries.

After the FCS and USCS were merged in January 1982, several major organizational and managerial changes were initiated to intensify USCS's outreach efforts. USCS's management focused their initiatives on the following problems: (a) Priorities among the district offices were not universally consistent or clearly established (b) external resources from within the private sector were not being fully utilized, and (c) reporting requirements were imprecise and difficult to relate to budgetary requirements or performance goals.

At the request of the subcommittee, GAO reviewed USCS's operations in the following 12 offices: Atlanta, Miami, New York, Baltimore, Seattle, San Francisco, Oklahoma City, Savannah, Minneapolis, Denver, Phoenix, and Cleveland. It conducted interviews, examined documents and conducted extensive surveys of firms assisted by district offices to establish how helpful these offices were and to gauge the impact of their activities on client firms' exports.

The subcommittee has been conducting its own investigation of the district offices and will present its findings, along with the GAO study, in hearings and a report during the second session of the 99th Congress.

b. Benefits.—It is not possible to determine benefits at this time since the investigation is not complete.

c. Hearings.—None to date.

8. The Collapse of State-Private Deposit Insurance Systems and the Switch to Federal Deposit Insurance.

a. Summary.—As a part of its hearings into the failure of ESM Government Securities and its impact on the Ohio private deposit insurance system, the subcommittee examined the viability of these private deposit insurance funds across the country. One consequence of the collapse of the Ohio Deposit Guaranty Fund and the Maryland Savings Share Insurance Corp. in the spring of 1985 is that many State/private insured thrift institutions, banks and credit unions have switched or are attempting to switch into the FSLIC or FDIC systems. In some instances, the heavy burden of these shifts has caused delays in the application process and additional pressures on Federal bank supervision in some sections of the country.

b. Hearing.—A hearing was held April 3, 1985, and has been printed.

EMPLOYMENT AND HOUSING SUBCOMMITTEE

1. HUD's Proposed Revisions to the Multifamily Property Disposition Regulations.

a. Summary.—On October 18, 1984, the Department of Housing and Urban Development (HUD) published proposed new regulations that would substantially alter the way in which HUD disposes of its inventory of multifamily housing projects. Concerns were raised that HUD's proposed regulations do not do enough to protect the continued occupancy of housing by low- and moderate-income tenants. Specifically, there was concern about HUD's apparent intent to reduce significantly the number of projects disposed of with project-based section 8 subsidies regardles of whether existing tenants might be displaced from the development.

In its continuing oversight of HUD's policies with respect to preserving housing for low- and moderate-income persons (see "HUD

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Is Not Adequately Preserving Subsidized Multifamily Housing," House Report No. 98-477, November 3, 1983, Eleventh Report of the Committee on Government Operations), the subcommittee held a hearing to determine whether these proposed new regulations would result in a further loss to the subsidized multifamily stock. HUD asserted that the existing regulations do not allow adequate flexibility for disposition decisions to be made on a case-by-case basis without rigid adherence to the use of project-based subsidies. HUD acknowledged that a major motivation for altering the existing regulations was its disagreement about the primary intent of section 203 of the Housing and Community Development Amendments of 1978, which HUD claims is to protect the financial interest of the Government. Subcommittee members emphasized that their interpretation of "congressional intent" primarily mandates the preservation of low- and moderate-income subsidized housing while doing so in the manner least costly to the Federal Government.

Other witnesses at the hearing, including legal and advocacy groups and State officials from Massachusetts and New Jersey, cited their concerns about the potential adverse impact of the proposed new regulations on their ability to represent the interests of low- and moderate-income tenants within their jurisdictions.

b. Benefits.—The full benefits of this hearing are not yet ascertainable. Preserving housing for low- and moderate-income persons is clearly in the Federal Government's best financial interest. If this resource of housing stock is lost, it will be very expensive or impossible to replace. HUD officials agreed to consider the comments and issues raised at the hearing and report back to the subcommittee before issuing final property disposition regulations. To date, HUD has not yet issued its final regulations.

Based on comments made by HUD at the hearing, amendments have been added to this year's housing bill (H.R. 1, H.R. 3500) to clarify the intent of section 203 and to mandate the use of section 8 project-based subsidies in the disposition process so as to preserve low- and moderate-income subsidized housing.

c. Hearing.—A hearing was held on February 20, 1985, in Washington, D.C., and has been printed.

2. Administration Proposals To Eliminate Regional Offices at the Labor Department and Other Agencies.

a. Summary.—This investigation and hearing was in response to the Department of Labor's (DOL) proposal to deviate from the standard Federal system of 10 regional offices by either closing or downgrading its regional offices in Boston, Kansas City, and Seattle. Many of the services performed by those offices would in the future be performed by the regional offices in New York, Denver, and San Francisco.

The decision by DOL to eliminate selected regional offices appeared to lack adequate cost-benefit or cost-effectiveness analyses. Not only do these proposed changes adversely affect the Federal work force in the targeted cities, but they are likely to have tremendous impact on the quality, effectiveness, and efficiency of governmental service to the public in both the regions to be modified or eliminated and those that will be expanded in programs such as occupational health and safety enforcement, workers compensation, wage and hour disputes, and job training. This would likely result in greater case backlogs, especially since decisionmaking is done in regional offices; slower constituent service as more people compete for limited agency staff time; greater travel costs for public and agency personnel; large budgetary outlays for severed career employees; and loss of historical knowledge, expertise, and familiarity with persistent problems in the dissolved regional offices.

b. *Benefits.*—Partly as a result of this hearing, incoming Secretary of Labor Brock scrapped the Department's plans to downgrade or close these regional offices. In explaining his decision, Secretary Brock stated, "Simply in terms of cost versus benefits, such a closure is not justifiable. The services we provide as well as our enforcement activities—in employment standards, worker safety and occupational health among others—are vital to too many citizens."

c. *Hearing.*—A hearing was held in Washington, D.C., on February 21, 1985, and has been printed.

3. The Western Executive Seminar Center.

a. *Summary.*—The Office of Personnel Management (OPM) operates three Executive Seminar Centers—in Oak Ridge, Tennessee; Kings Point, New York; and Denver, Colorado. The Executive Seminar Centers are residential interagency training facilities created to aid Government agencies in meeting programmatic, executive, and managerial training needs. The centers provide an opportunity for serious professional level study with a residential staff consisting of professional educational and development specialists.

In early 1984, OPM proposed moving the Western Executive Seminar Center from Denver to Grand Junction, Colorado, beginning October 1, 1984, allegedly to reduce costs. Based on the recommendations of the General Accounting Office, which found Denver to be the more economical location, and the urging of the subcommittee, OPM initially decided not to follow through on its proposal.

However, in December 1984, OPM solicited bids for food and lodging in Grand Junction and requested that the General Services Administration (GSA) seek bids for classroom/office space in Grand Junction, so as to be able to begin operations in Grand Junction no later than July 1, 1985.

The subcommittee raised many concerns about OPM's actions. Specifically, since the Government is committed by contract to paying for classroom/office space in Denver through March 31, 1986, whether or not it leases space in Grand Junction in the meantime, the Government would have to pay rent on two facilities at a cost of an additional $55,480. Further, by limiting the bidding process to just Grand Junction, and by not soliciting bids in Denver or other cities in the western part of the United States, OPM effectively precluded interested parties in other cities from offering to provide the necessary facilities and services at a possibly lower cost.

In addition, the subcommittee questioned the wisdom, in terms of efficiency, cost, or loss of bargaining leverage of the Government, of the GSA entering into a 5-year lease for office/classroom space for the Center while the OPM seeks a contract for food and lodging for a shorter period of time. Subcommittee members also questioned OPM's failure to follow sound business practice in not securing a fixed contract air fare before determining to relocate the facility.

b. Benefits.—Based on the recommendations of the subcommittee, OPM decided not to relocate the Western Executive Seminar Center prior to March 31, 1986, when the lease in Denver expires. This will save the Government $55,480 by not having to pay rent on two facilities. Further, OPM decided to undertake a new solicitation in an expanded geographic area. This should help to assure that the Government and the taxpayers get the best deal available.

c. Hearings.—Joint hearings with the Civil Service Subcommittee of the Committee on Post Office and Civil Service were held on March 15, 1985, in Denver, Colorado, and on May 8, 1985, in Washington, D.C. These joint hearings have been printed.

4. Oversight of the National Labor Relations Board.

a. Summary.—The subcommittee's oversight hearing focused on what progress the National Labor Relations Board (NLRB) has made in processing cases and reducing its case backlog. The case backlog at the Labor Board had been the subject of a report last year ("Delay, Slowness in Decisionmaking and the Case Backlog at the National Labor Relations Board," House Report No. 98-1141, October 4, 1984, Fifty-ninth Report by the Committee on Government Operations). That report found the NLRB to be in a crisis with delays in decisionmaking by the Board and a staggering case backlog forcing workers and employers to wait years before cases are decided.

As of May 1, 1985, the backlog stood at 926 unfair labor practice ("C") cases and 237 representation ("R") cases. This represented a sharp decline in the backlog of 1,296 "C" cases and 351 "R" cases that existed in February 1984. However, it is still a far cry from the 371 "C" cases and 164 "R" cases on hand at the beginning of fiscal year 1981.

The subcommittee was concerned about delays and uncertainty in health care cases. Many cases in the health care industry have been remanded by the Board to administrative law judges or regional directors for additional hearings, thus moving backward rather than forward. Further, it appears that the Board has failed to provide sufficient guidance as to what parties in the health care industry need most to know—what number and kind of bargaining units will generally be found appropriate. Some subcommittee members questioned the Board's reluctance to use its rulemaking authority to establish appropriate health care units, an action which in the view of many would provide health care labor relations with immediate stability and certainty and obviate continued litigation before the Board and the courts.

At the hearing the subcommittee also examined the reasons for delays in processing certain cases at the administrative law judge level, some policy questions relating to case processing by the General Counsel's office, and some unusual events in connection with the selection of a regional director for the Minneapolis office.

b. Benefits.—While many problems remain at the Labor Board, much of the progress that has been made in reducing the backlog stems from the subcommittee's prodding and continuous oversight.

c. Hearing.—A hearing was held on June 18, 1985, in Washington, D.C., and has been printed.

5. Update on EEOC Policies on Pay Equity and Title VII Enforcement.

a. Summary.—The subcommittee continued its oversight of the Equal Employment Opportunity Commission's (EEOC) enforcement of Title VII of the Civil Rights Act of 1964 in the area of sex-based wage discrimination. Eradication of such discrimination is important for the large and growing female work force because most workers are employed in sex-segregated occupations and the more an occupation is dominated by women the less it pays. The EEOC administers both the Equal Pay Act (EPA), which requires equal pay for substantially equal jobs, and title VII, which prohibits discrimination in employment (including pay) on the basis of sex. The subcommittee held a hearing on June 21, 1985, as a follow-up to its 1984 hearings on this subject.

This hearing, like the previous ones, focused on EEOC's failure to take actions to combat sex-based wage discrimination based on the Supreme Court's 1981 decision in *Gunther* v. *County of Washington, Ore.* In *Gunther* the Supreme Court held that claims of intentional sex-based wage discrimination may be brought under title VII of the Civil Rights Act even where the jobs are not the same. The Court in *Gunther* left open many questions about the nature and quantum of evidence required to establish such a title VII violation. The subcommittee pressed the Commission for information about *Gunther*-type cases, claims of wage discrimination under title VII where the jobs are not the same.

Immediately prior to the 1985 hearing, EEOC issued a narrow decision holding that a pure "comparable worth" claim (one which relies solely on the intrinsic value of dissimilar jobs) by itself does not establish a violation of title VII.

In the wake of the EEOC comparable worth decision, some members of the subcommittee expressed concern about allegations that EEOC field staff were labeling charges of sex-based wage discrimination as comparable worth and dismissing them without investigation.

The subcommittee also queried EEOC Chairman Thomas about the implications for EEOC of the Supreme Court's decision in *Fire Fighters Local 1784* v. *Stotts*. In *Stotts* the Supreme Court held that Federal courts are prohibited under title VII from ordering racially-preferential layoffs that ignore the terms of a bona fide seniority system. Thomas testified that the Commission had taken no position on the relevance of *Stotts* to its interpretations of title VII. Specifically, he said that the Commission had not followed the pattern of the Justice Department in reopening consent decrees and settlements in previous cases. He described a remedies policy recently adopted by EEOC which prescribes full make-whole relief for individually identified victims of discrimination.

b. Benefits.—There are enormous potential benefits for millions of women working in low-paid female dominated occupations of an active, clearcut EEOC program of Title VII enforcement following the *Gunther* ruling. In response to the subcommittee's continued interest, EEOC finally issued a decision on comparable worth that would eliminate one category of its backlog. However, many aspects of sex-based wage discrimination remain to be clarified. This issue is of major significance to both public and private employers and their employees.

c. Hearing.—A hearing was held on June 21, 1985, in Washington, D.C., and has been printed.

6. Delays in Processing and Adjudicating Black Lung Claims.

a. Summary.—A General Accounting Office (GAO) study issued in October 1984 found that the number of black lung claims pending before the Labor Department's Office of Administrative Law Judges (OALJ) had increased from 484 cases in 1979 to 20,450 on September 30, 1984. Further, the average waiting time for each claimant had risen from several months to three and one-half years.

As of April 1985, there were some 21,000 black lung cases pending before the OALJ and 5,687 before the Benefits Review Board (to which ALJ decisions can be appealed). GAO concluded that assuming 5,000 new requests for a hearing and 5,400 dispositions per year, it would take over 35 years to reduce the backlog of over 20,000 cases to a more reasonable level of about 6,000 cases. Even assuming that the OALJ is successful in implementing its plans to dispose of about 6,600 cases per year, GAO concluded that it would still take about 10 years to reduce the backlog to reasonable levels.

Over 20,000 cases pending before the OALJ and a waiting period of three and one-half years is intolerable for miners and their families. In many cases, miners die before their cases are decided.

At the hearing Secretary Brock's representative announced that in order to resolve this unacceptable situation the Secretary had directed his executive staff to develop a plan to eliminate the backlog.

b. Benefits.—Partly as a result of the hearing, in October 1985, Secretary Brock unveiled a plan to eliminate the severe backlog of black lung claims within 4 years. This plan contemplates procedural changes at OALJ to make better use of existing resources, increased staffing and appropriations for OALJ and the Solicitor's office, and an expansion of the Benefits Review Board from its existing five permanent members and four temporary members to seven permanent members and five temporary members.

c. Hearing.—A hearing was held in Charleston, West Virginia, on June 25, 1985, and has been printed.

7. HUD's Homeownership Demonstration Program.

a. Summary.—This hearing focused on a proposal by the Department of Housing and Urban Development (HUD) to begin a Homeownership Demonstration Program whereby some current residents of public housing would be given the opportunity to buy the housing units they live in.

HUD selected 16 public housing and 2 Indian housing authorities to initiate the homeownership program. Under HUD's proposal the housing authorities would be given wide latitude by HUD to design methods to sell housing projects to eligible low-income tenants and HUD would provide only technical assistance.

In testimony before the subcommittee, representatives of public housing authority and low-income advocacy groups expressed reservations about the program. Their primary concerns were that the demonstration not result in the loss of badly needed public housing units; that existing tenants not wishing to participate in the program not be involuntarily displaced; and that the program not result in "creaming" the best units from the existing stock or that units not be sold to unsuspecting purchasers in deteriorated condition.

Additionally, subcommittee members expressed concerns that units housing handicapped and large families, already in disproportionately short supply, not be lost by the demonstration, and that "windfall" profits which could be realized by low- income purchasers beyond the five-year limit currently envisioned by HUD be recaptured. The latter two concerns, as well as the need for replacement units, have not yet been adequately addressed by HUD and a further hearing on this program may be necessary.

b. Benefits.—The subcommittee's hearing into this matter assisted HUD in structuring a carefully devised demonstration, one which will assist in arresting the deterioration of existing public housing units while conforming to the Congress' ongoing goal of preserving public housing units for low-income residents. At the same time, the resolution of the problem suggested at the hearing, for HUD to structure an airtight mechanism for the recapture of profits resulting from the discounted sale price to the original buyer in the event of resale to a nonlow income purchaser, could result in significant cost savings to the Government.

c. Hearing.—A hearing was held on July 9, 1985, in Washington, D.C., and has been printed.

8. OMB's Proposed Restrictions on Information Collection and Dissemination by Agencies.

a. Summary.—The Paperwork Reduction Act of 1980 (Public Law 96–511) established a number of goals for reducing the burden of Federal paperwork imposed on the public. The act also created an Office of Information and Regulatory Affairs (OIRA) within the Office of Management and Budget (OMB) to oversee the implementation of the law's paperwork reduction requirements. On March 15, 1985, OMB published in the Federal Register a draft circular to Federal agencies on the types of information dissemination activities that should be curtailed in order to comply with the act. The subcommittee was concerned that the restrictions upon agencies' information dissemination activities proposed by OMB exceeded the scope of the Paperwork Reduction Act and would severely reduce the flow of information from the Federal Government to the public.

As published in the March 15 Federal Register, the circular would have required executive branch agencies to satisfy a number of tests imposed by OMB before they could disseminate information to the public. Subcommittee members were concerned about the circular's proposed "cost-benefit" test that agencies would have to satisfy before disseminating information, as well as its requirement that agencies show that information to be disseminated was "either required by law . . . or essential to the agency's accomplishing its mission." In addition, before disseminating information to the public, agencies would first have to show that the information not only did not duplicate similar products or services of either another agency or of the private sector, but also could not "reasonably be expected" to be provided by another source in the absence of agency dissemination. Once these conditions were met and the decision was made to disseminate certain information, agencies would have to disseminate in the most "cost effective" manner for the Government, "including placing maximum feasible reliance on the private sector for the dissemination of the products or services."

b. Benefits.—In response to the concerns expressed by subcommittee members and witnesses at the hearing, as well as comments that it had received from interested parties, OMB significantly revised its Information Resources Management Policy Circular prior to reissuing it in final form.

The revised circular, issued December 12, 1985, contained a number of changes from the March 15 proposal which responded to many of the subcommittee's major concerns. Specifically, OMB replaced its requirement that agencies disseminate only information that is "essential to the agency's accomplishing its mission" with a less strict test taken directly from the Paperwork Reduction Act, namely that the information to be disseminated is "necessary for the proper performance of agency functions." OMB deleted its earlier requirement that agencies disseminate only that information which could not "reasonably be expected" to be provided by other sources. In addition, the revised circular requires agencies to give adequate notice to the public before terminating the dissemination of a particular body of information. The March 15 proposal contained no such notice requirement, an omission which was the subject of considerable discussion during the subcommittee's hearing.

c. Hearing.—A hearing was held on July 17, 1985, in Washington, D.C., and has been printed.

9. The Impact of Current Trade Policy on American Workers.

a. Summary.—The Trade Adjustment Assistance (TAA) program was created in 1962 to enable displaced workers to retrain for new jobs, at the same time that Congress agreed to open up trade with other nations. The TAA program represented a commitment to American workers that their Government would stand by them if national trade policies resulted in the loss of their jobs. Between 1974, when the TAA program was expanded and amended, and the end of 1984, almost 1.5 million displaced workers were certified as eligible to receive benefits under the program.

The administration has proposed to terminate the program for the past 2 years, but the Congress has refused to go along. With the trade deficit expected to reach $150 billion for 1985, the subcommittee examined the plight of import-battered workers.

At the hearing, witnesses testified that without both the retraining opportunities and the temporary benefits on which to live during the retraining period provided by TAA, dislocated workers would be unable to successfully adjust to a new labor market.

b. Benefits.—The hearing focused attention on the plight of import-battered workers and underscored the need to continue the TAA program. The testimony received during the hearing refuted the administration's position that the Job Training Partnership Act provides sufficient adjustment assistance for import displaced workers, as both the training opportunities available under the act and the level of funding provided for its retraining program were shown to be clearly inadequate.

c. Hearing.—A hearing was held on October 3, 1985, in Washington, D.C., and will be printed soon.

10. Processing EEO Complaints in the Federal Sector—Problems and Solutions.

a. Summary.—In Reorganization Plan No. 1 of 1978, the responsibility for handling employment discrimination complaints made by Federal employees was transferred from the then-Civil Service Commission to the Equal Employment Opportunity Commission (EEOC). EEOC, in turn, delegated to the agencies the job of investigating and determining whether such complaints are meritorious.

In addition to the obvious inequity of having agencies investigate themselves and decide whether the complaints against them are meritorious, there are inordinate delays in processing these cases. Thus, in fiscal year 1984 six agencies took more than 1,000 days to render decisions on discrimination complaints filed by their employees. If an employee is dissatisfied with an agency decision, the employee may appeal to the EEOC's Office of Review and Appeals (ORA) where an additional delay of 1 or 2 years is likely.

The subcommittee hearing focused on EEOC's inability to require other Federal agencies to comply with EEOC's final decisions.

The present system for resolving employment discrimination complaints filed by Federal workers often takes several years before EEOC issues a final decision. This time-consuming and expensive process is rendered meaningless if an agency then refuses to comply with that order.

The informal persuasion exercised by EEOC is not always effective, and this problem has been compounded by the recent decision by the 11th Circuit Court of Appeals in *Moore* v. *Devine*. In that case the Office of Personnel Management (OPM) refused to comply with an EEOC final order. When the employee sought to enforce EEOC's order in Federal court, the Justice Department represented OPM, the noncomplying agency. The Court of Appeals held that an EEOC decision favorable to a Federal Government employee is not binding, and that a Federal court has the power to determine the merits of the claim independently if the agency refuses to comply with the EEOC decision.

The subcommittee also examined the nature and status of EEOC's proposals to improve the EEO complaint processing system that have been pending at the Office of Management and Budget (OMB) for some time.

b. Benefits.—Based on this hearing, Subcommittee Chairman Frank and Ranking Minority Member Nielson sent a letter signed by 50 Members of Congress to the President recommending that he issue an Executive order directing all Federal agencies to comply with final decisions of the EEOC in Federal employee discrimination complaint cases. The President has not yet acted on this recommendation.

If the subcommittee's continuing attention to this time-consuming and expensive complaint processing system leads to changes and improvements, there will be a significant savings in money and in time and frustration both for agencies and for complainant employees. Morale and efficiency will undoubtedly be improved as the irritants of long-pending complaints are removed from the work environment. The burden on the court system would also be reduced as fewer plaintiffs felt compelled to bring lawsuits.

c. *Hearing.*—A hearing was held on October 8, 1985, in Washington, D.C., and has been printed.

11. OSHA's Failure To Establish a Farmworker Field Sanitation Standard.

a. *Summary.*—For 13 years agricultural hand laborers have tried to have the Occupational Safety and Health Administration (OSHA) establish a field sanitation standard. There have been lawsuits, court decisions, research studies and public hearings. In April 1985, then-Assistant Secretary for OSHA Rowland decided that a Federal standard was unneeded, despite the weight of scientific evidence adduced in 2 years of OSHA-sponsored hearings and consultants' reviews.

In September 1985, Secretary of Labor William Brock determined that a field sanitation standard providing for drinking water, handwashing facilities, and toilets was necessary but that the States should be given an additional 18 months in which to enact and enforce such standards. In a Federal Register notice on October 21, he stated that if, by April 1987, there are not a sufficient number of adequate State standards to "assure that the vast majority of hand laborers working in the field" are protected, OSHA would issue its own standard within the following 6 months. The notice referred to 13 States that currently had some form of standard, although it acknowledged that many of them did not meet the minimum level proposed for Federal action.

Testimony at the hearing revealed that of the 13 States listed as having sanitation standards, one, Colorado, does not currently have standards and in another, Maine, it is limited to blueberry pickers. Wisconsin, one of the two States which the Labor Department considered to be making progress toward a standard, wrote to the subcommittee that it is unable to promulgate standards for all agricultural workers. Lack of enforcement was described as widespread. Strong evidence was presented linking a variety of health problems—parasitic infections, diarrhea, gastroenteritis, dermatologic problems, etc.—with the absence of suitable drinking water, handwashing facilities and toilets. The mobility of the migrant farmworker population exposes even States with relatively good field standards to the health problems brought in by workers from other States.

In addition to the public health aspects of the field sanitation issue, several witnesses stressed the need for human dignity, decency, and privacy to be recognized. They argued that there is no justification for farmworkers to be the only industrial population not given minimal protection by the Federal OSHA. Congressional passage of OSHA, they said, was based on the need for national and not State standards for occupational health and safety.

b. Benefits.—The subcommittee hearing focused attention on the urgent need for action to provide drinking water, handwashing facilities and toilets for agricultural hand laborers. It cast serious doubt on the wisdom of the Labor Department's planned action and timetable. It provided valuable background for future hearings by the appropriate legislative committees.

c. Hearing.—A hearing was held on November 6, 1985, in Washington, D.C., and will be printed soon.

12. The Job Training Partnership Act and Farmers.

a. Summary.—Title III of the Job Training Partnership Act (JTPA) provides job training, counseling, and other services to dislocated workers to help them find productive employment.

The subcommittee examined some of the problems in administering the JTPA, which was designed with the urban industrial unemployed in mind, to meet the needs of farmers. With a growing number of small independent farmers being forced out of farming by the agricultural economy, there is an increased need for employment and training programs to retrain farmers and help them make a smooth transition to another career.

Testimony from farmers who have participated in the JTPA retraining program showed that the program works but needs to be expanded to serve more dislocated farmers. There appears to be a need to allow farmers to get in the program earlier, for better outreach to make farmers aware of the program, for more funding and more leadership from the Department of Labor.

b. Benefits.—It is anticipated that as a result of the hearing, the Labor Department will set up a task group composed of Department officials, State and local JTPA administrators and farm State representatives to explore ways in which the JTPA can be better administered to meet the needs of dislocated farmers.

c. Hearing.—A hearing was held on November 15, 1985, in Council Bluffs, Iowa, and will be printed soon.

13. Work and Poverty—The Special Problems of the Working Poor

a. Summary.—There is a tendency to assume that all poor people are either on welfare or unemployed. However, the number of people who are poor and have jobs has increased over the past 5 years. This investigation and hearing focused on the difficulties facing millions of hard-working Americans who even with full- or part-time jobs are unable to provide their families a living that is above the poverty level.

Over 9 million adults who worked in 1984 fell below the poverty line. This represents an increase of 40 percent of the adult poverty population. Of the current 9 million working poor adults, 2.1 million held full-time jobs for the entire year of 1984, an increase of 54 percent over the 1979 figure.

In September 1985 the Census Bureau reported that individuals in poverty, as a percentage of the entire population, had decreased from 15.2 percent in 1983 to 14.4 percent. However, the number of poor people who worked in 1984 stayed at the same level as 1983.

b. Benefits.—In order to ensure maximum efficiency in administering job training and other programs aimed at helping working people, there is a need to understand fully the special problems of the working poor. Only after taking into account all of the obstacles that face working poor people, including a steadily increasing tax burden, a reduction in transfer payments when earnings increase, and an economic recovery that is not shared by many of the country's working poor, can the Government find workable and cost-effective solutions to their problems.

c. Hearing.—A hearing was held on December 12, 1985, in Washington, D.C., and will be printed.

II. Legislation

A. NEW MEASURES

LEGISLATION AND NATIONAL SECURITY SUBCOMMITEE

1. H.R. 3614, to restrict the use of Government vehicles for transportation of officers and employees of the Federal Government between their residences and places of employment, and for other purposes.

a. Report number and date.—House Report No. 99-451, December 19, 1985.

b. Summary of measure.—As reported by the Government Operations Committee, H.R. 3614 would amend section 1334, title 31, United States Code, by restricting the use of Government vehicles for transportation between residence and place of employment only for those officers and employees in the executive branch whose positions are specially noted in the law, or who are among the 16 discretionary authorizations provided to the President. Procedures are also established that allow an agency head to respond to highly unusual circumstances presenting a clear and present danger, the existence of an emergency, or other similarly compelling operational considerations, any of which may necessitate the temporary authorization of home-to-work transportation for an officer or employee of the Government.

c. Legislative status.—H.R. 3614 is pending in the House of Representatives.

d. Hearing.—A hearing was held on September 19, 1985.

2. Balanced Budget and Emergency Deficit Control Act of 1985.

a. Report number and date.—No report.

b. Summary of measure.—This measure, more commonly known as Gramm-Rudman, was attached by the Senate to a measure to extend the national debt ceiling (H.J. Res. 372) without it ever having been considered by the House of Representatives. Had the measure gone through regular legislative channels, it would have been referred to the subcommittee for consideration. It sets maximum deficit limits for each of the next 5 years with the ultimate objective of achieving a balanced budget in 1991. In the event that these limits are exceeded, it establishes a mechanism whereby cuts will be made automatically so as to meet the targets.

c. Legislative status.—H.J. Res. 372 was signed into law on December 12, 1985 (Public Law 99-177).

d. Hearing.—A hearing was held on October 17, 1985.

3. H.R. 2889, the Computer Security Research and Training Act of 1985.

a. Report number and date.—None.

b. Summary of measure.—As ordered reported by the Government Operations Committee, H.R. 2889 would give the National Bureau of Standards (NBS) the sole authority and responsibility to establish and conduct a computer security management, research, and training program for those computer and telecommunications systems subject to the Brooks Act (Public Law 89-306). NBS would be required to develop Governmentwide standards and guidelines, to conduct research, to develop and coordinate training programs, and to validate the effectiveness of computer and telecommunications security standards. The bill would require NBS to establish an advisory council composed of representatives of other Federal agencies, and to establish within NBS a Computer and Telecommunications Privacy and Security Advisory Board.

H.R. 2889 would also require Federal agencies to identify each computer and related telecommunications system that stores or transmits sensitive data. Within a year after the date of enactment, agencies would be required to establish a plan for the security for each computer and related telecommunications systems previously identified. Finally, the bill would require mandatory periodic training in computer and telecommunications security for all Federal agency employees who manage, use, or operate computer or other automated information systems. Similar training would also be required for employees of private contractors who are involved with the management, use, or operation of computers that interface with Government systems.

c. Legislative status.—H.R. 2889 was introduced by Congressman Glickman on June 27, 1985. Congressmen Brooks, Horton, and Fuqua of this committee were original cosponsors of the bill. H.R. 2889 was jointly referred to the Committees on Government Operations and Science and Technology. H.R. 2889, as amended, was ordered reported favorably by the Government Operations Committee on October 29, 1985. Final action on the bill was not completed by the Science and Technology during the first session.

4. H.R. 3168, Consolidated Federal Funds Report Amendments of 1985.

a. Report number and date.—House Report 99-452, December 19, 1985.

b. Summary of measure.—H.R. 3168 would codify, with some changes, the provisions of Public Law 97-326, which established the Consolidated Federal Funds Report (CFFR), a multivolume document detailing by various geographic units where Federal funds are spent. The bill would also authorize the preparation and publication of the report for the fiscal years 1986-1990.

c. Legislative status.—Reported by the Government Operations Committee with an amendment in the nature of a substitute on December 19, 1985; currently pending in the U.S. House of Representatives.

d. Hearing.—A hearing was held on September 19, 1985.

GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

1. H.R. 3291, to revise certain provisions of chapter 57 of Title 5, United States Code, relating to the subsistence allowances of government civilian employees while performing official travel and for other purposes.

a. Report number and date.—The report on H.R. 3291 will be filed during the second session of the 99th Congress.

b. Summary of measure.—The bill is based on a proposal submitted to the Congress by the Administrator of General Services on September 12, 1985. It would change the method for reimbursing civilian employees on official travel and authorize the Administrator to set the dollar limits administratively and on the basis of locality.

The current dollar limits on the subsistence allowance (mainly covering expenses for lodging and meals) were set by Congress in 1980. The maximum for the regular per diem allowance is $50. When the actual and necessary expenses basis is used, up to $75 a day may be allowed on presentation of full receipts for all claimed expenses. For many areas even the $75 actual-expenses maximum is inadequate today.

By authorizing the setting of maximum daily allowances by administrative action, the measure departs from the former system under which Congress itself would periodically provide relief from inflexible ceilings, as it has had to do three times between 1969 and 1980, when it set the current limits.

In transmitting his message to the House, the Administrator indicated that for reimbursements based on the per diem allowance he intends to institute a so-called "lodgings-plus" system under which the expenses of lodging would be reimbursed on the basis of a receipt for such expenses, while expenses for meals would be on a flat-rate basis without requirement of a receipt. The combined amounts could not exceed the maximum per diem set for the particular locality concerned.

The Administrator declared that, as GSA would implement the new system, there would be lower administrative costs but that lifting the allowance cap to provide fair reimbursement to employees in high-cost areas would entail an overall annual increase in Federal travel costs. GSA stated that agencies would be required to absorb the additional first-year costs of the higher allowances and thereafter would be required to keep travel expenditures to the minimum amount necessary.

The bill contained provisions to relieve certain other inequities. For instance, reimbursement would be allowed an employee on travel who experienced a serious emergency (such as death in the immediate family). Additionally, relief would be available to an employee in law enforcement or investigation capacity in a situation where a threat to life made relocation of the employee and the employee's family necessary. Also, GSA would be required to collect data from major Federal agencies to permit analysis of travel and transportation expenditures.

c. Legislative status.—The subcommittee at its markup on December 5, 1985, unanimously adopted an amendment in the nature of a substitute, which did not, however, change the essential elements of H.R. 3291 as introduced. It perfected and clarified the original language and made necessary conforming changes in provisions of other laws referring to the per diem allowance. Also, it added two important provisions. The first would require GSA regulations implementing the new authority to lie before the appropriate congressional committees for 30 days before the regulations could take effect. The second would supplement the Federal employee provisions by adding a provision to assure that Government contractors who charge their employees' travel against Government contracts are not able to claim more for that travel than what a Federal employee performing the same travel could claim. (A pending DOD regulation would impose a similar requirement for defense contractors only.)

On December 10, 1985, the full committee, after adopting unanimously the subcommittee's amendment and a minor perfecting amendment, approved the amended bill and ordered it to be reported.

Meanwhile, the Senate, where S. 1840 (similar to the original H.R. 3291) had been introduced, took up S. 1840, amended it so it conformed precisely to H.R. 3291, as amended and ordered reported by the House committee, and then passed it December 19, 1985. On the same date, the House took up the amended Senate bill and passed it by unanimous consent, thus clearing it for the President, who approved it January 2, 1986, to become Public Law 99-234.

GSA is preparing implementing regulations, which the new law requires it to issue no later than 180 days from the bill's enactment date.

d. Hearing.—A subcommittee hearing was held September 19, 1985, at which all witnesses testified in general support of the bill and the system it would authorize. Testimony was presented by Members of Congress, GSA, GAO, and employee organizations.

2. H.R. 2402, to establish the Public Buildings Service in the General Services Administration, and for other purposes.

a. Report number and date.—House Report No. 99-130, Part 2, July 19, 1985.

b. Summary of measure.—Section 1 of the bill (the only provision referred to the committee for consideration) contained provisions to establish in the General Services Administration a statutory entity to be known as the Public Buildings Service, to designate as its head a Commissioner of Public Buildings to be appointed by the President with advice and consent of the Senate, and to place the Commissioner in level IV of the executive schedule.

c. Legislative status.—The bill, introduced as an amendment to the Public Buildings Act of 1959, was reported by the Public Works and Transportation Committee, May 15, 1985, and on that date sequentially referred to the Committee on Government Operations for consideration of those portions falling within that committee's jurisdiction. This jurisdiction, by House precedent, includes the Federal Property and Administrative Services Act of 1949, title I of which deals with the organization and officers of the General Services Administration.

The Committee on Government Operations reported the bill on July 19, 1985, with an amendment, which does not provide for the statutory reorganization sought by the original section 1. Instead, the amendment rests on the premise that any significant statutory reorganization of GSA should be done, not piecemeal for just one functional area, but on a broad basis that would recognize all GSA's major functions, responsibilities, and principal officers. To accomplish this, the amendment calls for a review by the Office of Management and Budget of GSA's administrative organization and a report covering specified organizational points to be submitted to Congress within 180 days.

Floor action on the report has not yet been scheduled.

d. Hearing.—On July 9, 1985, the Government Activities and Transportation Subcommittee held a hearing on the bill as introduced, at which favorable testimony was received from a Member of Congress, and unfavorable testimony was received from the Administrator of General Services, and two former Acting Administrators.

GOVERNMENT INFORMATION, JUSTICE, AND AGRICULTURE SUBCOMMITTEE

1. H.R. 1349, to reduce the costs of operating Presidential libraries.

a. Report number and date.—House Report No. 99-125, May 15, 1985.

b. Summary of measure.—H.R. 1349 establishes a new mechanism for funding the ongoing operational costs of future Presidential libraries.

Under existing law, facilities to be used as Presidential libraries are built with private funds and are then donated to the Federal Government. The entire cost of operating such facilities is then covered by an annual appropriation. The bill would shift the burden of ongoing building operations costs for future libraries from the taxpayer to endowment funds required to be provided by the same private parties who build and donate the library buildings.

H.R. 1349 amends the Presidential Libraries Act of 1955 (codified at 44 U.S.C. 2108) to require that (1) all future Presidential libraries comply with minimum standards prescribed by the Archivist of the United States; (2) an endowment equal to at least 20 percent of the acquisition cost of the land, building, and equipment shall be donated for deposit in the National Archives Trust Fund for the Presidential libraries of Presidents taking office for the first time on or after January 20, 1985; (3) endowments be established in the National Archives Trust Fund for each Presidential library not subject to the 20 percent endowment requirement in which gifts and bequests, and the proceeds from admission fees and sales, shall be deposited; and (4) the income to each endowment shall be applied to the building operations costs of that particular Presidential library.

c. Legislative status.—H.R. 1349 was considered by the committee on April 2, 1985. The committee approved and ordered reported the bill, H.R. 1349, with an amendment. H.R. 1349, as amended, was approved by the House under suspension of the rules on June 4, 1985. The bill is pending in the Senate.

d. Hearing.—A hearing was held on March 26, 1985. The hearing transcript has been printed.

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

Legislation and National Security Subcommittee

1. Government Corporation Control Act (59 Stat. 597, Public Law 248—79th Congress).

This law provides basic accountability requirements for many Government corporations. This subcommittee has a continuing interest in the scope and implementation of this act and consequently monitors it closely.

2. The Administrative Expenses Act of 1946 (60 Stat. 806, Public Law 600—79th Congress).

Section 16 (31 U.S.C 1343) of the above named act was reviewed in depth during the subcommittee's work in connection with hearings on the use of Government vehicles for home-to-work transportation in contravention of the law. Subsequently, there was a markup of H.R. 3614, a bill to restrict the use of Government vehicles for transportation of officers and employees of the Federal Government between their residences and places of employment, and for other purposes. For a discussion of subcommittee activities with reference to this subject, see the material submitted by the Legislation and National Security Subcommittee, item 32 under section I.B. and item 1 under section II.A., above.

3. The Prompt Payment Act (31 U.S.C. 1801, 96 Stat. 85, Public Law 97-177).

The Prompt Payment Act requires every Federal agency to pay an interest penalty on amounts owed to business concerns for the acquisition of property or services when the agency does not pay on time. Unless a different required payments date is stipulated in the contract, this would require paying most proper invoices within 30 days of receipt or acceptance of the goods or services, whichever is later, in order to avoid interest penalties. In the case of meat and produce, it would mean paying within 7 days after delivery for meat and 10 days after delivery for produce.

See Item I.B. 38 for a discussion of subcommittee oversight activities in connection with the implementation of the Prompt Payment Act.

4. Federal Managers' Financial Integrity Act (31 U.S.C. 3512, 96 Stat. 814, Public Law 97-155).

The Federal Managers' Financial Integrity Act requires agency heads to conduct ongoing evaluations and to report on the adequacy of their respective agency's systems of internal accounting and administrative controls. Further, it requires the Comptroller General to prescribe the standards for such controls as well as standards to ensure the prompt resolution of all audit findings; and it requires the Director of the Office of Management and Budget to establish guidelines for agency use in evaluating whether the systems comply with the standards. Agency heads are required to prepare for the President and the Congress an annual statement either that their agency controls are in compliance or outlining material weaknesses in their agency's internal controls and including planned action to correct such weaknesses, and a schedule for achieving corrections.

The Legislation and National Security Subcommittee has been carefully monitoring implementation of this act, which became effective September 8, 1982. See item 19 under section I.B. of this subcommittee's material for further discussion of this subject.

5. Reorganization Plan No. 3 of 1978 (Federal Emergency Management Agency).

Reorganization Plan No. 3 of 1978 established the Federal Emergency Management Agency and transferred to the Director functions relating to fire prevention and control, the national flood program, and the Emergency Broadcast System.

This Plan received comprehensive review during the subcommittee's consideration of the following topics:

Review of the Management of the National Flood Insurance Program (I.B.10.)

Review of FEMA's Management of the Individual and Family Grant Program (I.B.11.)

Review of Federal Emergency Management Agency's "Write-Your-Own" Program (I.B.24.)

6. Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471, et seq.).

This law provides the Government with an economical and efficient system for the procurement and supply of personal property and nonpersonal services, including related functions—contracting, inspection, storage, etc.; the utilization of available property; the disposal of surplus property; and records management. This section received substantial review during the subcommittee's study of the costly failure to control Government property furnished to defense contractors (I.A.4.), DOD spare parts pricing practices (I.B.6.), the administration's actions to reduce questionable year-end spending (I.B.15), and U.S. embassy contracts with employee associations (I.B.21).

Section 111 (40 U.S.C. 759, Public Law 89-306) provides for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data. This section was reviewed during the subcommittee's hearings on contract irregularities and mismanagement in SSA's System Modernization Program (I.B.35.); consideration of H.R. 2889, the Computer Security Research and Training Act of 1985 (II.A.3.); and the development and implementation of the State Department Financial Management System (I.B.12.).

7. Sections 2301-2314 of the Act of August 10, 1956 (10 U.S.C. 2301-2314).

These sections of Title 10 of the United States Code deal with procurement generally in the Armed Forces. They received comprehensive review during the subcommittee's oversight activities, including:

DOD Spare Parts Pricing Abuses at the Naval Air Station, Miramar, California (I.A.1.)

Identification of Friend or Foe in Air Warfare—A Capability Long Neglected and Urgently Needed (I.A.2.)

Air Force Is Spending Over a Billion Dollars in Poorly Tested and Duplicative Radar Jammer Programs (I.A.3.)

Costly Failure To Control Government Property Furnished to Defense Contractors Remains Uncorrected (I.A.4.)

Unnecessary Firing of Tactical Missiles Demands DOD's Attention (I.A.5.)

Review of Recoupment of Nonrecurring Charges Under Foreign Military Sales (I.B.2.)

Assessment of Defective Pricing Reviews at Contractors' Locations (I.B.3.)

Review of the Air Force Tactical Electronic Combat Jammer Program (I.B.5.)

Review of DOD Spare Parts Pricing Practices (I.B.6.)

Review of Army's Noncompetitive Purchases under $100,000 (I.B.7.)

8. Accounting and Auditing Act of 1950, as amended (31 U.S.C. 67, 64 Stat. 832).

This statute requires agency heads to establish systems of accounting and internal control designed to provide effective control over and accountability for all income, expenditures, funds, property, and other assets. It mandates that the Comptroller General audit financial transactions of the Government and states congressional policy to be that such auditing be directed at determining the extent to which accounting and related financial reporting fulfill the purposes specified, financial transactions have been consummated in accordance with laws, regulations, or other legal requirements and adequate internal financial control over operations is exercised. It further mandates that the Secretary of the Treasury report the results of the financial operations. The subcommittee reviewed this law during its oversight activities, which include the following studies:

Assessment of the Quality of Audits of Federal Grants Performed by Non-Federal Auditors (I.B.16)

Evaluation of Proposed Cost Management and Federal Management Improvement Initiatives in the Federal Government (I.B.28)

Inquiry into the Prevalence of Duplicate Payments by the Government (I.B.20)

Development and Implementation of the State Department Financial Management System (I.B.12)

9. Inspector General Act of 1978 (5 U.S.C. app.).

Provisions of this law established specified Offices of Inspector General and their basic framework.

The law is being reviewed in preparation for hearings on H.R. 3077, the "Inspector General Act Amendments of 1985." This bill would, among other provisions, establish Offices of Inspector General in the Departments of Justice, Treasury, and the Federal Emergency Management Agency; conform to the Inspector General

Act of 1978 the Offices of Inspector General in the Departments of Energy and Health and Human Services; and strengthen audit and investigative offices in those departments and agencies not now subject to the Inspector General Act of 1978.

The law also received scrutiny during subcommittee review of (1) security functions performed by the Offices of Inspector General; (2) administration proposals to cut their budgets; (3) the effects of implementation of the Deficit Reduction Act of 1984 on the Offices of Inspector General; (4) adequacy of legal support for the Inspectors General; and (5) review of the Department of Education Inspector General audits of the Bilingual Education Program.

For a discussion of these activities, refer to the material submitted by the Legislation and National Security Subcommittee under sections I.A. and I.B. above.

10. Section 7(a) of the Economy Act of 1932 (31 U.S.C. 686(a)).

This section of the Economy Act permits a Federal agency or a major organizational unit within an agency to place an order for goods or services with a major organizational unit within that agency or with another Federal agency if the requesting agency or unit has sufficient funds to pay for the requested goods or services; the order is in the best interest of the Government; the goods or services cannot be obtained as conveniently or inexpensively from the private sector; and the request is not prohibited by a condition or limitation applicable to funds for procurement of the agency or unit placing an order or making a contract under this section. The law requires prompt payment by check upon the request of the performing agency in advance of, or upon the provision of, the ordered goods or services.

The subcommittee is continuing to monitor the implementation of this act. It is receiving substantial review during the subcommittee's inquiry into the contracting activities of the Department of Defense and the Agency for International Development with the U.S. Department of Agriculture's Graduate School. (For a discussion of this activity, see item I.B.37, above.)

11. The Anti-Deficiency Act (31 U.S.C. 1341, 31 U.S.C. 1512, et seq.).

This statute provides that no office of the Government shall authorize an obligation or expenditure in excess of the amount available under any appropriation. It received scrutiny during the subcommittee's assessment of the Defense Department's use of confidential funds (see item I.B.31. above).

12. The Budget and Accounting Act of 1921 (31 U.S.C. 702 et seq.).

Title II of this statute provides for a national budget system. The subcommittee reviewed this law during its study of the Balanced Budget and Emergency Deficit Control Act of 1985 (II.A.2.) and during its continuing study of the national budget system in general.

Title III of this statute provides the basic duties and powers of the Comptroller General of the United States and the General Accounting Office, which he heads. The subcommittee comprehensively reviewed this section during its oversight of the General Accounting Office activities. (See item I.B.34., above.)

13. The Competition in Contracting Act of 1984 (Public Law 98-369, July 18, 1984; 41 U.S.C. 253).

The Competition in Contracting Act of 1984 amended section 303 of the Federal Property and Administrative Services Act of 1949 to establish a statutory preference for the use of competitive procedures in awarding Federal contracts for property or services; to require the use of competitive procedures by Federal agencies when purchasing goods or services—sealed or competitive bids—unless a statutory exception permits the use of noncompetitive bids; and to direct the head of each agency to appoint an advocate for competition who will challenge barriers to competition in the procurement of property and services by the agency and who will review the procurement activities of the agency.

This act is receiving close scrutiny during the subcommittee's continuing activities to monitor its implementation by executive branch agencies.

14. The Single Audit Act of 1984 (Public Law 98-502, October 19, 1984).

The Single Audit Act of 1984 requires each State and local government receiving $100,000 or more per year in Federal financial assistance to obtain an independent, organization-wide audit of its operations—usually on an annual basis. The audit must include a thorough review of the recipient's internal controls over its Federal funds, and an examination of its compliance with Federal program requirements.

The subcommittee has closely monitored implementation of this act. For a full discussion of subcommittee activities in this area, see item I.B.18, in the material submitted by the Legislation and National Security Subcommittee, above.

15. The Consolidated Federal Funds Report Act of 1982 (Public Law 97-326, October 15, 1982; 31 U.S.C. 6102).

The Consolidated Federal Funds Report Act of 1982 requires the Director of the Office of Management and Budget to prepare an annual report consolidating the available data on the geographic distribution of Federal funds, and for other purposes. It was comprehensively reviewed by the subcommittee and amendments to the law were reported by the Committee on Government Operations. For a full discussion of this activity, see the material submitted by the Legislation and National Security Subcommittee under item II.A.4., above.

GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

1. Federal Property and Administrative Services Act of 1949.

a. Further Federal Utilization and Disposal of Personal Property (sections 201, 202, 203, and Title IV).—The subcommittee conducts a major continuing review of Federal programs for:

(1) Further Federal agency utilization of excess personal property and.

(2) Distribution of both excess and surplus personal property to State and local entities for special purposes of a public

nature. When the owning Federal agency no longer has need for the property, it declares it "excess." It is then screened for other Federal agency use. If all Federal agencies are without need for the property, GSA declares it "surplus" to the needs of the Government. It may then be donated to local organizations for select purposes or, if not donated, sold immediately.

Public Law 94-519, which was handled by the subcommittee, brought about a major reorganization in Federal personal property distribution. It consolidated management of numerous previously separate Federal agency activities and functions for distributing excess and surplus property to local organizations. It brought most of these programs into the original distribution arrangement known as the "donation program" under section 203(j) of the Federal Property Act. GSA now has the prime responsibility, but works in partnership with each State's surplus property agency to effect distribution and control.

Unneeded Federal personal property is an important national asset. Its distribution for non-Federal public uses is a form of major assistance. Measured by original Government acquisition costs, such property transfers amount to between $300-$400 million a year out of about $3 billion in property declared excess each year by Federal agencies. The special character of the assistance, its size, and its nationwide scope are a unique Federal benefit whose dollar value is difficult to measure; it bears little relationship to the usually low current market value of the items transferred.

The subcommittee has carefully monitored implementation of the law. It has worked closely with affected agencies, principally GSA and the State surplus property agencies. It has maintained close touch with GAO and GSA and their separate statutory duties to report biennially on the effectiveness of Public Law 94-519.

Approved donations, measured by original acquisition cost, rose in fiscal year 1984 to $466.4 million, up from $401 million for fiscal year 1983. The figure for fiscal year 1985 fell to $366.3. Some of the drop was due to DOD's moratorium on declaring any property excess. (This was recently lifted.) In addition, eligible donees, through their State surplus property agencies, can take advantage of improved property screening opportunities afforded by some 16 newly established GSA property centers throughout the country. Most Federal agencies now bring their excess property to these centers for further Federal utilization or eventual donation as surplus.

It should be noted that the Presidential initiative to speed up sales of real property prompted the subcommittee in February of 1982 to write the President and include in the letter a question as to what changes, if any, were contemplated in the personal property donation program in order to provide more revenues from property sales. Responding for the President on April 13, 1982, the Office of Mangement and Budget stated that no changes were planned for the personal donation program.

GSA, in its Third Biennial Report to the Congress (April 1984) on the excess and surplus property programs under section 10 of Public Law 94-519, listed 32 actions taken to meet the law's provisions. It concluded that the program has been successfully operated and the basic objectives of that law realized. It added that, to assure the program's further growth, aggressive and innovative actions are still needed, including continued commitment of adequate resources and dedicated Federal and State agency program staffs.

It recommended amending the law to raise the unit acquisition cost of $3,000 (at which point State surplus property agencies must impose reasonable use conditions for the property) to $5,000. It recommended also eliminating the biennial report requirement in favor of the annual report under section 203(o) of the Federal Property Act.

On July 26, 1985, GSA submitted to the Congress its annual report under section 202(e) of the Federal Property Act containing data from executive agencies showing amounts of personal property (including property acquired from other agencies as excess) which they have furnished (mainly by loan) to non-Federal recipients.

(This excludes surplus property that GSA transfers to State surplus property agencies under the donation program.) During fiscal year 1984, the original acquisition cost of all such property was $113.3 million, the bulk of which was furnished by three agencies: Department of Agriculture—$25.9 million (to so-called "cooperators"); Department of Defense—$38.4 million (to cost-reimbursement-type contractors); and the National Science Foundation—$21.3 million (to project grantees).

This report did not include any NASA property because NASA, as GAO's Third Biennial Report pointed out, has chosen to interpret the reporting requirements so as to lead to a negative report. As a result, the subcommittee on October 11, 1985, requested NASA to clarify this matter. NASA's response of November 25, 1985, indicated that information covered by section 203(e) of the act would henceforth be reported as a result of clarifications provided by GSA. NASA wrote the subcommittee again on December 19, 1985, supplying specific dollar figures for property furnished. These figures NASA will furnish GSA for its section 203(e) report due December 30, 1985, covering fiscal year 1985. Further subcommittee monitoring with GSA's and GAO's assistance will be necessary.

On November 9, 1984, GAO submitted to Congress its Third Biennial Report on the Transfer of Excess and Surplus Federal Personal Property to Non-Federal Organizations (GAO/GGD-85-3). It found that the law is accomplishing the objectives of reducing transfers to non-Federal organizations of excess personal property that might be needed within the Federal Government and of encouraging the fair and equitable donation of surplus personal property to a wider range of eligible non-Federal organizations. It also found that several Federal agencies believed that certain categories of personal property and types of recipients were not to be reported to GSA. The report recommends GSA clarify the types of information on personal property to be reported. This is necessary to assure accuracy of the report required under section 203(e) of the act.

b. Further Federal Utilization and Disposal of Real Property (sections 202 and 203, Federal Property Act).

(1) Negotiated disposal of surplus property. An important statutory duty of the subcommittee is that it must review, in advance, GSA's explanatory statements concerning proposed negotiated dis-

posals of Government surplus property. The proposed transactions are sales (or sometimes exchanges and leases) at the statutorily required estimated fair market value. Such transactions relate almost entirely to real property. Because of strict statutory limitations, GSA rarely negotiates with private persons. Most negotiations are conducted with public bodies. A major concern of the subcommittee is that GSA properly estimates and then obtains the fair market value of the property. Further discussion of this activity is discussed below in section III.B.

(2) Transferring surplus property to local entities for public use. The Federal Property Act and other statutes have authorized the transfer of surplus real property to public entities, which must use it for specific public purposes, chiefly, educational, public health, park and recreational, public airport, historic preservation, and wildlife conservation. Such transfers may be made at less than estimated fair-market value, that is, at discount. In most cases, the discount allowed is 100 percent, thus making the transaction, in effect, nonreimbursable. The nature and major results of the subcommittee's extensive ongoing review of the above functions and programs are detailed in "The President's Large-Scale Surplus Land Sale Program: Promises and Problems," House Report No. 98-576, November 21, 1983, Twenty-fourth Report by the Committee on Government Operations.

That report resulted from the subcommittee's continuing inquiry into the program the President initiated in 1982 to increase sales of unneeded real property and improve real-property asset management. It was orginally heralded as an important source of funds to reduce the national debt. The program began formally with Executive Order No. 12348, February 25, 1982, which established a seven-member Property Review Board in the Executive Office to assist in policy development and program supervision. The subcommittee inquiry deals with the part of the program that involves land use and disposal under the Federal Property and Administrative Services Act of 1949. The report found that the President's program, while sound in its basic objective (improved and more aggressive asset management), suffered from weaknesses and omissions: (1) It adopted unrealistic and unattainable dollar-sales goals that confuse Congress and the public, and hence detract from the program. (2) To boost sales, it adopted subsidiary policies about public benefit discount conveyances of surplus property and further Federal agency use of excess property that are extremely restrictive, drastically modifying previous policies and practices in which the Congress over many years has acquiesced. (3) It sought to enable officials of the Property Review Board and GSA to come to grips effectively and fully with the basic problem of getting executive agencies with apparently unneeded properties to give them up for other Federal use of disposal, yet it had only limited success because the final authority to declare property excess resides in the owning agency's head.

The report recommended that the administration should not tie the program to specific dollar goals for property sales, since they create wrong expectations and are not relevant to the true purpose of the program, asset management; should reconsider the extreme policies with respect to public benefit discount conveyances of surplus property and further Federal utilization of property, in order to adopt an approach that is more flexible and closer to past practice as well as the spirit and letter of the Federal Property Act; and should use the President's overall policy and directive authority under the act more effectively to guide agency heads in deciding whether to release property not fully needed.

Further reforms in the President's program were effected by Executive Order 12512 of April 29, 1985 (50 F.R. 18453; May 1, 1985), which revoked the February 25, 1982 Executive Order (No. 12348) establishing the Property Review Board. The new order vests the function of Government-wide real property management policy approval in the Domestic Policy Council and also strengthens the operational and consultative roles of the OMB and GSA.

For fiscal year 1985, GSA reported a total of 424 disposal transactions involving properties with a total value of $212.5 million. This compares with the fiscal year 1984 overall figure of 528 transactions involving property valued at $196.4 million. Broken down, the fiscal year 1985 figures include 29 utilization transfers of property worth $71.3 million, 74 public benefit discount sales of property worth $34.3 million; and 321 sales of property worth $106.9 million (of which 93 were negotiated sales of property worth $24.4 million). The fiscal year 1984 totals, broken down, represent 54 utilization transfers of property worth $25.6 million, 60 public benefit discount transfers of property worth $79.2 million, and 414 sales of property worth $196.4 million.

Disposal of Hamilton Air Force Base as surplus property has presented a series of problems for the subcommittee's oversight since 1977. As a result of this oversight, GSA was able to maintain a steady course toward eventual satisfactory disposal. On March 7, 1985, GSA made an award to the high bidder at an auction sale of 402 acres. This concludes the main disposal task. The $45 million price is GSA's largest single property disposal ever, and represents a substantially higher amount than all previous estimates.

The Congress has now authorized the Administrator of General Services to make nonreimbursable transfers of surplus real property if the State or local government transferees use it for correctional facility purposes. An amendment to H.J. Res. 648, making continuing appropriations for the fiscal year 1985, incorporated the Comprehensive Crime Control Act of 1984, which added this authority in the form of a new section 203(p) of the Federal Property Act. The addition came about because it was part of the Senate-passed crime control measure that the House adopted on September 25, 1984. It became law as part of Public Law 98-473 on October 12, 1984. The House Government Operations Committee did not participate in the legislative action. Transfers require a prior determination of suitability by the Attorney General, and are subject to a perpetual restriction to correctional facility use. The new provision was sponsored by the administration in the 97th and 98th Congresses, while at the same time it was sharply curtailing use of an existing provision of the Federal Property Act that authorizes nonreimbursable transfers of surplus real property for public parks, schools, public health facilities, and historic monuments.

The committee's concerns and recommendations about this curtailment are covered under House Report No. 98-576. The new section 203(p) makes the use of the authority discretionary with the Administrator of General Services and subject to such regulations as he may prescribe. In this respect, it corresponds to the Administrator's authority regarding transfers authorized for other public benefit purposes. As yet, GSA has not finally issued implementing regulations.

2. Laws Relating to Travel, Transportation, and Subsistence of Federal Employees.

The subcommittee has oversight responsibility with respect to chapter 57 of title 5, United States Code, relating to travel, transportation, and subsistence of Government employees. Most of the administrative functions under chapter 57 have been delegated to GSA by Executive Order (mainly E.O. 11609 as amended). The subcommittee is carefully monitoring GSA's programs to reduce costs through negotiating preferential rates for official Government travelers on airlines, Amtrak, rented automobiles, and in hotels, including the new employee credit-card arrangement with Citibank and Diners Club.

Legislative developments involving amendments to chapter 57 are discussed above in this report under II.A.

Title IX of the Spending Reduction Act of 1984, incorporated in the Deficit Reduction Act of 1984 (Public Law 98-369), declared it the sense of Congress that significant management improvements could be made in travel and transportation of personnel and transportation of things for personnel. It required the OMB to transmit to designated standing committees, including the Committee on Government Operations, baseline costs for such travel and transportation as well as savings expected to be achieved for fiscal year 1985, how they will be achieved, and why savings of less than $750 million are not achievable.

This report was submitted as part of an OMB report entitled "Management of the United States Government—Fiscal Year 1986."

It concluded that the adjusted reduction target of $786 million for DOD-military under the category of Travel and Transportation could not be met through further reductions because changes in these expenditures would degrade combat readiness, increase disciplinary problems, and affect retention of military personnel. With respect to the status of civilian agencies, the OMB report declared 41 percent of the proposed target reduction ($242 million) would be achievable. It explained that the full target cannot be achieved because a large amount of travel is essential to carrying out such agency missions as Treasury's, Public Health Service's, USDA's, and DOT's safety monitoring and inspection work, as well as DOJ's investgative and drug-enforcement functions.

With respect to reimbursement of Federal employee relocation expenses, authorized by 5 U.S.C. 5724c, section 301 of Public Law 98-473 authorized by the President to prescribe regulations, not merely "guidance" authority, as delegated by E.O. 12466 (490 F.R. 7349; February 29, 1984). This new Presidential authority was delegated to GSA through E.O. 12522 (50 F.R. 26337; June 26, 1985).

GOVERNMENT INFORMATION, JUSTICE, AND AGRICULTURE SUBCOMMITTEE

1. Freedom of Information Act (Public Law 90-23, as amended by Public Laws 93-502 and 94-409; 5 U.S.C. 552).

Proposals to amend the Freedom of Information Act continued to be the focus of attention during the first session of the 99th Congress. Although no formal subcommittee activity has occurred, informal work on legislation has continued throughout the year.

Significant new proposals introduced during the first session include H.R. 3319, the Freedom of Information Public Improvements Act of 1985, and H.R. 3496, the Business Information Confidentiality Procedures Act. Proposals made during earlier Congresses also continued to receive attention. Formal action by the subcommittee, including hearings on legislation and possible consideration of amendments to the FOIA, is expected during the second session.

The subcommittee continued its general oversight of agency FOIA policies, regulations, and operations. A review of annual reports filed by agencies under the FOIA revealed a number of irregularities with respect to reliance on other statutes that require the withholding of information from the public (exemption three statutes). The subcommittee contacted several agencies about their use of exemption three statutes. These agencies included the Department of Transportation, Department of Labor, Department of Defense, Department of Energy, Department of Agriculture, Office of Management and Budget, and the Agency for International Development.

At the direction of the subcommittee, the General Accounting Office is assessing the administration of the FOIA by agencies. During the first session, GAO completed a review of FOIA operations of the Nuclear Regulatory Commission. In addition, GAO is currently reviewing agency compliance with subsections (a)(1) and (a)(2) of the FOIA. That work is expected to be completed in 1986.

The subcommittee continued its practice of reviewing legislation from other committees that affects the availability of information. The subcommittee also continued to provide assistance to Members of Congress and to other committees on matters concerning the availability of information.

2. Privacy Act of 1974.

The subcommittee continued routine oversight of the Privacy Act of 1974 by reviewing agency proposals to create new systems of records and proposals to modify existing systems. The Privacy Act requires each agency to file a report with the Congress whenever a system is changed or established. A modest number of such reports is filed each year.

In addition, work on the Privacy Act and related privacy issues has been ongoing at the Office of Technology Assessment. The subcommittee has provided some assistance and support to that effort.

Finally, the subcommittee also reviewed changes in Privacy Act guidance made by the Office of Management and Budget in response to the Central Intelligence Agency Information Act.

3. Central Intelligence Agency Information Act (Public Law 98-477).

The Central Intelligence Agency Information Act became law in October 1984. The act provided a limited exemption from the Freedom of Information Act for specifically defined operational files maintained by the Central Intelligence Agency. The bill will relieve the CIA from the requirement under the FOIA to search and review records in these operational files that, after line-by-line review, almost invariably prove to be exempt from disclosure under the FOIA. The bill was intended to improve the ability of the CIA to respond to FOIA requests from the public in a timely and efficient manner, without reducing the amount of meaningful information releasable to the public.

The report required the CIA to file semi-annual reports on FOIA processing activities for the first 2 years following enactment of the new law. Two reports were received during 1985, and the subcommittee reviewed the progress reported by the CIA.

The CIA Information Act also made an amendment to the Privacy Act to 1974 that provided that no agency may rely on any exemption in the Privacy Act to withhold from an individual any record that is otherwise accessible to the individual under the FOIA. During 1985, the subcommittee monitored implementation of this amendment by the Office of Management and Budget.

4. The Federai Advisory Committee Act (Public Law 93-463; as amended by the Public Law 94-409; 5 U.S.C. App I).

This act (1) requires each standing congressional committee to make continuing reviews of advisory committees under its jurisdiction, (2) gives the Director of the Office of Management and Budget responsibility for reviewing advisory committees and prescribing administrative guidelines and management controls, (3) sets forth certain reporting requirements by the President, (4) provides for phasing out advisory committees every 2 years unless positive actions are taken to retain their existence, and (5) prescribes open meetings, balanced representation, and other procedural requirements for advisory committees.

The subcommittee received and, on a selective basis, reviewed the annual reports submitted by the President on advisory committees. Letters were sent to several advisory committees challenging the grounds upon which their meetings were closed to the public. The subcommittee has watched with some dismay over the past 3 years and has consulted with other subcommittees and committees concerning the apparent failure of executive agencies to achieve balanced membership on properly chartered advisory committees.

The subcommittee reviewed and commented informally on rules proposed by the committee management secretariat; commented on the President's annual report; responded to inquiries from other committees and Members' offices concerning specific advisory committees; and participated in the Federal Bar Association's review of advisory committee activities.

5. The Government in the Sunshine Act (Public Law 94-409; 5 U.S.C. 522(b)).

The act, which became effective on March 12, 1977, provides that meetings of multiheaded Federal agencies, a majority of whose members are appointed by the President with the consent of the Senate, shall be open to the public. It provides 10 permissive exemptions to the general openness rule and requires transcripts to be kept for all closed meetings. The act prohibits ex parte communications between agency officials and parties involved in formal agency adjudications or on-the-record rulemaking.

The subcommittee followed the implementation of the act closely, providing general guidance, and reviewing and commenting on the proposed Sunshine regulations of each agency. Meeting notices required to be published in the Federal Register were monitored regularly in terms of their informative quality and adequacy of rationale for convening closed sessions. Building on its earlier findings of possible violation of the act by the U.S. Postal Service Board of Governors, the subcommittee continued to monitor the operation of the Board.

6. Public Printing and Documents (44 U.S.C. 2100 et seq.).

The subcommittee's legislative jurisdiction involving title 44 is wide-ranging, and includes archival administration, records management, records disposal, coordination of data collection activities, and the Presidential Records Act.

The statutes governing archival administration were reviewed in conjunction with the subcommittee's oversight of the National Archives and Records Administration.

Other title 44 activities involved:

Study of recordkeeping practices of Federal agencies with regard to designation of personal and official records and mechanisms for retrieval of papers improperly removed from Government custody; and,

Preliminary survey of adequacy of the National Archives and Records Administration's guidance to Federal agencies on records management and paperwork problems, with attention to the Archives' cost-reimbursable technical assistance programs.

7. The Presidential Records Act of 1978 (Public Law 95-591; 44 U.S.C. 2201).

The Presidential Records Act, which took effect on January 20, 1981, declares Presidential records to be Government property and provides that immediately upon the conclusion of a President's tenure in office these records are transferred to the custody of the Archivist of the United States. The Archivist is given responsibility for the placement of the records in a Presidential library or other federally operated facility.

An outgoing President is permitted to place mandatory restrictions of up to 12 years on the public availability of certain types of information. The six restrictive categories are modeled after several of the exemptions of the Freedom of Information Act.

The Freedom of Information Act (FOIA) with its procedural requirements and provisions for judicial review, governs public access to all Presidential records not subject to these mandatory restrictions. The FOIA also controls access to previously restricted information once a mandatory Presidential restriction is no longer in effect. The term of a mandatory restriction ends (1) when the period (up to 12 years) selected by the outgoing President has passed; (2) when a restriction is lifted with the former President's consent; or (3) when it has been determined by the Archivist that information covered by a Presidential restriction has been placed in the public domain through publication by the former President or one acting on his behalf.

The Archivist is given up to 5 years from the end of a President's tenure in office to complete archival processing of the records. During this period the Archivist is under no legal compulsion to make the documents available to the general public.

To facilitate the compiling of a complete record and the orderly transfer of materials, the President is encouraged to implement sound records management practices and is required to separate personal papers for Presidential records. The President may not dispose of Presidential records without first obtaining the written views of the Archivists concerning their historical value. When the Archivist considers it to be in the interest of either the public or Congress, he must advise Congress of the proposed disposal, which must then be stated for a period of 60 legislative days.

Finally, the legislation provides for the similar treatment of Vice-Presidential records.

The committee monitored White House implementation of the act and collected relevant exchanges of correspondence between the President, his aides, and the Archivist.

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE

1. State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. 1221 et seq.).

This law, which continued the revenue sharing program through fiscal year 1986, was reviewed in connection with proposals to (a) eliminate or reduce local government entitlements for fiscal year 1986; (b) renew the program for fiscal year 1987 and beyond; and (c) change the allocation formula for funds to local governments. Revenue sharing payments have not been made to State governments since the law was amended in 1980 to permit such payments if funds are appropriated, rather than as entitlements.

Five hearings were held on "The Impact of the Proposed Elimination of the General Revenue Sharing Program on Local Governments," in response to the administration's budget proposal to eliminate the program for fiscal year 1986. These hearings were held in Boston, Massachusetts, on March 11; Council Bluffs, Iowa, on March 15; Austin, Texas, on March 18; Charleston, West Virginia, on March 29; and Washington, D.C. on April 3, 1985.

COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE

The subcommittee's broad-ranging investigations during the first session of the 99th Congress included a review of many of the major laws administered by the agencies within the subcommittee's jurisdiction. The subject matter of these laws is identified in the descriptive material found in sections I.A. and IV. of this report. The subcommittee's investigative efforts were focused largely on effective supervision of financial institutions by the Federal banking agencies; efficient administration of tax laws by IRS to prevent tax evasion; and on international trade programs.

Employment and Housing Subcommittee

Javits-Wagner-O'Day Act (Public Law 92-28, 85 Stat 77, 41 U.S.C. 46-48C).

The Employment and Housing Subcommittee has responsibility for Javits-Wagner-O'Day Act (JWOD) legislation. Although no hearings were held on JWOD during the first session of the 99th Congress, ongoing monitoring, investigation, and review of the program, and the progress in implementing the recommendations contained in the committee's report ("Improvements Needed in the Administration of the Javits-Wagner-O'Day Act," House Report No. 98-546, November 15, 1983, Seventeenth Report by the Committee on Government Operations, Together With Supplemental Views) continues. In addition, the General Accounting Office, at the subcommittee's request, is investigating the reasonableness of the 4-percent commission rate currently paid the central nonprofit agencies under JWOD.

III. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

A total of 7 General Accounting Office reports to the Congress were referred to the subcommittee for action during the first session of the 99th Congress. Additionally, 11 other reports were addressed to the committee or subcommittee. These reports and numerous other reports were used by the subcommittee in connection with its investigative program.

1. "Use of Government Motor Vehicles for Transportation of Government Officials and the Relatives of Government Officials," GGD-85-76, September 16, 1985.

a. Summary of subcommittee action.—This report has provided the basis of and background for the subcommittee's review of the use of Government vehicles for home-to-work transportation by officers and employees of the executive branch. It has also been relied upon by the subcommittee in writing language that would amend chapter 1334 of title 31, United States Code.

b. Benefits.—See II.A.1. and I.B.32.

2. "Unreliable Evaluations Detract from Treasury's Progress to Implement the Financial Integrity Act" GGD-86-10, October 10, 1985; "Improvements Needed in GSA's Second Year Implementation of the Financial Integrity Act" GGD-86-11, October 11, 1985; "Second-Year Implementation of the Federal Managers' Integrity Act in the Department of Education" HRD-85-78, September 26, 1985; "Defense Mapping Agency's Progress in Complying with the Federal Manager's Financial Integrity Act of 1982" NSIAD-85-116, July 26, 1985; "Department of State's Progress in Implementing the Federal Managers' Financial Integrity Act" NSIAD-85-135, September 25, 1985; "Department of Defense's Progress in Implementing the Federal Managers' Financial Integrity Act" NSIAD-85-147, September 27, 1985; "Defense Logistics Agency's Progress in Implementing the Federal Managers' Financial Integrity Act" NSIAD-85-148, September 27, 1985; "Army's Progress in Implementing the Federal Managers' Financial Integrity Act" NSIAD-85-149, September 27, 1985; "Navy's Progress in Implementing the Federal Managers' Financial Integrity Act" NSIAD-85-150, September 27, 1985; "Air Force's Progress in Implementing the Federal Managers' Financial Integrity Act" NSIAD-85-151, September 27, 1985; "Department of Energy's Second-Year Implementation of the Federal Managers' Financial Integrity Act" RCED-86-14, October 17, 1985; "Agriculture's Second-Year Implementation of the Federal Managers' Financial Integrity Act"

RCED-86-20, October 24, 1985; "HUD's Second-Year Implementation of the Federal Managers' Financial Integrity Act" RCED-86-22, October 8, 1985; "The Small Business Administration's Second-Year Implementation of the Federal Managers' Financial Integrity Act" RCED-86-24, October 18, 1985; and "Department of Transportation: Implementation of the Federal Managers' Financial Integrity Act" RCED-86-35, October 30, 1985.

a. Summary of subcommittee action.—These reports provided information useful to the subcommittee during its countinuing review of Federal managers' activities in implementing the Federal Managers' Financial Integrity Act.

b. Benefits.—See I.B.19.

3. "GAO's Assessment of Affidavits Concerning HHS' Proposed Debarment of the Paradyne Corporation" IMTEC-85-12, June 17, 1985, and "Social Security Administration's Progress in Modernizing Its Computer Operations" IMTEC-85-15, August 30, 1985.

a. Summary of subcommittee action.—These reports provided information useful to the subcommittee in its investigation of contract irregularities and mismanagement in SSA's systems modernization program.

b. Benefits.—See I.B.35.

4. "Action Taken by DOD on GAO Recommendations to Improve Spare Parts Requirements Determination," NSIAD-85-61, April 30, 1985.

a. Summary of subcommittee action.—This report was useful to the subcommittee during its investigation of DOD spare parts pricing abuses at the Naval Air Station, Miramar, California.

b. Benefits.—See I.A.1. and I.B.6.

5. "An Opportunity to Reduce Proliferation and Improve Acquisition Strategy for Electronic Combat Jammers," C-NSIAD-86-1, October 8, 1985.

a. Summary of subcommittee action.—This report provided information useful to the subcommittee during its review of the Air Force's radar jammer program.

b. Benefits.—See I.A.3. and I.B.5.

6. "Limited Survey of the Need to Delay Implementation of the Competition in Contracting Act of 1984," OGC-85-5, April 8, 1985, and "Federal Regulations Need to be Revised to Fully Realize the Purposes of the Competition in Contracting Act of 1984," OGC-85-14, August 21, 1985.

a. Summary of subcommittee action.—These reports provided information helpful to the subcommittee during its review of the implementation of the Competition in Contracting Act of 1984.

b. Benefits.—See I.A.7.

7. "General Services Administration Needs to Improve its Internal Controls to Prevent Duplicate Payments," AFMD-85-70, August 20, 1985; "Information on Duplicate Payments to Contractors by the Department of Defense's Defense Logistics Agency's Defense Contract Administration Services Region in Cleveland, Ohio," AFMD-85-71, August 20, 1985; and "Strengthening Internal Controls Would Help the Department of Justice Reduce Duplicate Payments," AFMD-85-72, August 20, 1985.

a. Summary of subcommittee action.—These reports were useful to the subcommittee in determining whether duplicate payments made by agencies in the Federal Government are widespread.

b. Benefits.—See I.B.20.

8. "CPA Audit Quality: Inspectors General Find Significant Problems," AFMD-86-20, December 1985.

a. Summary of subcommittee action.—This report provided information useful to the subcommittee during its review of the quality of audits of Federal grants performed by non-Federal auditors.

b. Benefits.—See I.B.16.

9. "State Department and USIA Ship Travel and Travel Advances," NSIAD-85-130, September 11, 1985.

a. Summary of subcommittee action.—This report provided information useful to the subcommittee in its review of travel policies of foreign affairs agencies.

b. Benefits.—See I.B.14.

10. "Assessment of Audits of Bilingual Education Grants in Texas by U.S. Department of Education's Office of Inspector General," AFMD-85-6, December 14, 1984.

a. Summary of subcommittee action.—This report provided information useful to the subcommittee for its review of audits performed by the Department of Education's Office of Inspector General of Bilingual Education Grants in Texas.

b. Benefits.—See I.B.1.

GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

The subcommittee received 25 General Accounting Office reports for its consideration—2 reports to Congress and 23 reports to agency heads or other Members of Congress. The reports were evaluated and appropriate action taken in coordination with the subcommittee activities as referred to above.

GOVERNMENT INFORMATION, JUSTICE, AND AGRICULTURE SUBCOMMITTEE

The subcommittee received 10 General Accounting Office reports for action addressed to the Congress; and numerous reports for information. Reports which received considerable attention are discussed.

1. "Concerns Regarding the National Security Agency Secure Telephone Program," NSIAD-86-7, October 15, 1985.

a. Summary of subcommittee action.—At the request of the subcommittee, GAO initiated a review of TEMPEST and similar technologies for the protection of national security information. The first part of that review resulted in a report on the National Security Agency's secure telephone program.

The GAO report made no recommendations, but GAO did question the need to continue to procure older model secure telephones at a time when new, improved models were just becoming available.

Based on the GAO report, the subcommittee recommended that NSA cancel an existing $34 million contract for older model secure telephones. In response to this recommendation, NSA has agreed to terminate that contract.

b. Benefits.—NSA reported that cancellation of the contract will result in "a substantial savings of tax dollars." Informal estimates from GAO suggest that savings will be at least $20 million.

2. "Coordination of Federal Drug Interdiction Efforts," GAO/GGD-85-67, July 15, 1985.

a. Summary of subcommittee action.—The General Accounting Office report resulted in the reorganization of a central "all source intelligence center," which will eventually improve the timely dissemination of drug related intelligence. The report also has contributed to the subcommittee's efforts to improve the drug interdiction agencies' ultimate ability to better detect smugglers entering the United States.

b. Benefits.—Ultimate benefits will depend on the speed in which many of the subcommittee's recommendations are adopted. Continued oversight by this subcommittee will be necessary to reach the subcommittee's self-identified objective, which is to reduce availability of drugs in the United States.

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE

A total of 9 General Accounting Office reports to the Congress were referred to the subcommittee. They were studied by the subcommittee and considered in connection with the subcommittee's investigative program.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES SUBCOMMITTEE

During the first session of the 99th Congress, a total of 108 General Accounting Office reports were referred to this subcommittee—11 reports to Congress, 12 reports specifically requested by the subcommittee and 85 reports to agency heads or others that were of interest to the subcommittee.

1. "Financial Status of the Great Plains Coal Gasification Project," RCED-85-70, February 21, 1985.

a. Summary of subcommittee action.—This report was used in the subcommittee's investigation into the U.S. Synthetic Fuels Corporation's proposal to award the Great Plains Project $820 million in additional Federal financial assistance. Based on research in preparation of the report, representatives of GAO presented testimony at the subcommittee's May 22, 1985, hearing.

2. "Synthetic Fuels Corporation's Profit-Sharing Provisions with Six Proposed Projects," RCED-85-140, July 10, 1985.

a. Summary of subcommittee action.—This GAO report analyzed projections by the U.S. Synthetic Fuels Corporation with respect to net Federal outlays anticipated from proposed financial assistance agreements between SFC and sponsors of six synthetic fuels projects. The report also identified discrepancies between the SFC's future energy price projections and the forecasts of recognized econometric firms and the Department of Energy. The subcommittee used the report in its ongoing monitoring of Synthetic Fuels Corporation activities.

3. "U.S. Synthetic Fuels Corporation's Contracting Policies and Practices for Consulting Services," RCED-85-162, August 15, 1985.

a. Summary of subcommittee action.—This GAO report evaluated the contracting policies and practices of the U.S. Synthetic Fuels Corporation. The report indicated that SFC contracting policy changes recommended by a previous GAO study had not been complied with. The subcommittee used the report in conjunction with its ongoing monitoring of SFC activities

4. "Hazardous Waste Management at Tinker Air Force Base—Problems Noted, Improvements Needed," NSIAD-85-91, July 19, 1985.

a. Summary of subcommittee action.—On June 4, 1984, the subcommittee requested GAO to undertake this study in connection with an ongoing review of the disposal of hazardous wastes at Federal facilities. Tinker was chosen for review because, as an Air Logistics Center providing overhaul and maintenance services for many types of aircraft and missiles, it is a major generator of hazardous waste, and previous studies indicated that these activities over a long period of years had resulted in potentially serious groundwater and other environmental contamination. The purpose of the review was to determine whether current hazardous waste management and disposal activities had been corrected to prevent a recurrence of such contamination.

At a hearing held by the subcommittee in Midwest City, Oklahoma on December 13, 1984, GAO witnesses testified that their investigations to date indicated that there were serious deficiencies in the facility's hazardous waste management and disposal program. These preliminary findings were confirmed in the report which recommended that the Secretary of Defense direct the Secretary of the Air Force to take six specific actions to remedy these deficiencies.

A letter dated October 4, 1985, from the Department's Deputy Assistant Inspector General for GAO Report Analysis stated that a response to the report would not be completed within the 60-day limit required by Section 236 of the Legislative Reorganization Act.

As of December 18, 1985, a substantive response to the report still had not been received, but an inquiry to the Inspector General's office on that date indicated that the response had been completed and would be forwarded within a short period of time.

5. and 6. "Hazardous Waste: Status of Cleanup at the Former Hamilton Air Force Base, California and at the Former West Virginia Ordinance Works," NSIAD-86-23BR, and NSIAD-86-22BR, December 6, 1985.

a. *Summary of subcommittee action.*—These two briefing reports are part of a larger review of the Department of Defense program for identifying and cleaning up hazardous waste on its formerly owned properties. In both cases the reports indicated that there had been serious problems and delays in past efforts to identify and clean up hazardous waste contamination problems, but that cleanup efforts have now been expedited and are proceeding smoothly, although some questions remain with respect to Hamilton.

The reports do not include any recommendations.

7. "Survey of Oil Company Views on Fair Sharing in an International Oil Supply Disruption," NSIAD-85-45, February 5, 1985.

a. *Summary of subcommittee action.*—GAO surveyed U.S. oil companies that participate in the International Energy Agency (IEA) to determine their views on whether some form of fair sharing program is needed for the United States to meet its IEA oil sharing obligations in a serious oil crisis. A fair sharing program would ensure that the burden of providing oil supplies to help U.S. international supply obligations is equitably shared among U.S. oil companies. The subcommittee has been using the GAO findings in its ongoing review of this and other issues related to DOE emergency preparedness programs.

b. *Benefits.*—Few issues are more fundamental to this Nation's economic and national security than adequate preparation for a serious worldwide energy crisis. The subcommittee believes that the GAO report demonstrated that some type of fair sharing program may be needed to ensure that the United States is able to meet its international oil sharing obligations. The economic benefits of adequate U.S. energy emergency preparedness cannot be precisely determined.

8. "Selected Management Activities at the Naval Petroleum Reserve, California," RCED-85-7, April 12, 1985.

a. *Summary of subcommittee action.*—GAO reviewed DOE's process for establishing a fee for the Naval Petroleum Reserve (NPR) contractor to operate the Reserve in fiscal year 1984; the adequacy of NPR audit coverage; and the justification for the proposed construction of additional NPR office space. GAO found problems in each of these areas. The subcommittee presented DOE with the GAO findings and asked that corrective action be taken. The subcommittee is continuing to monitor DOE activities regarding these NPR issues.

b. *Benefits.*—Millions of Federal dollars are invested in the NPR. The GAO report identified excessive costs and made recommendations for tighter financial controls for the Reserve.

9. "Optional Development Strategies for the Strategic Petroleum Reserve," RCED-85-117, April 22, 1985.

a. Summary of subcommittee action.—GAO analyzed the budget and policy impacts of a range of development strategies for the Strategic Petroleum Reserve (SPR). The subcommittee used this report in its analysis of the budget and policy impacts of the administration's proposed moratorium for SPR. Findings from the report were cited in two subcommittee hearings: March 15, 1985, in Beaumont, Texas, and April 1, 1985, in Washington. The findings also were made available for Members and used in SPR budget and legislative debates.

b. Benefits.—SPR is a multimillion dollar Federal program. GAO's report showed the most cost-effective means of proceeding with the program, but specific cost-savings cannot be determined.

10. "Status of U.S. Participation in the International Energy Agency's Emergency Sharing System," NSIAD-85-99, June 13, 1985.

a. Summary of subcommittee action.—GAO assessed U.S. participation in the International Energy Agency's (IEA) emergency oil sharing program. The report identified several issues and unresolved problems related to U.S. involvement in the IEA program.

b. Benefits.—Adequate U.S. emergency preparedness is vital to this Nation's economic and national security. The IEA would serve to coordinate the emergency response to the United States and its allies to a serious oil crisis. The United States was instrumental in establishing the IEA and currently plays a central role in IEA activities. The GAO report points to areas of U.S. involvement in the IEA which need improvement. The economic and policy benefits cannot be quantified.

11. "Analysis of Oil Withdrawal and Distribution Tests for the Strategic Petroleum Reserve," RCED-85-115, May 8, 1985.

a. Summary of subcommittee action.—GAO analyzed the feasibility, cost, oil market impacts, and effectiveness of several Strategic Petroleum Reserve (SPR) test scenarios. GAO's findings were sent to DOE for comment. The subcommittee, in a followup effort, has asked GAO to assess a DOE SPR oil sales test held in late 1985.

b. Benefits.—SPR is the cornerstone of U.S. energy security and, as such, is vital to U.S. economic and national security interests. But SPR has no value unless it can be utilized as planned. GAO findings address this issue. The economic benefits cannot be determined.

12. "Implementation Status of the Office of Management and Budget Circular A-76 Program at the Department of the Interior's National Park Service and Bureau of Reclamation," RCED-85-56, March 15, 1985.

a. Summary of subcommittee action.—This study of the contracting out program at the Department of the Interior contains no conclusions and recommendations. However, it does contain information raising serious questions about the time and money spent by the Department of the Interior in conducting A-76 reviews, in accordance with circulars issued by the Office of Management and Budget.

Viewed from a strictly dollars and cents perspective, the program appears to have been costly for the Department of the Interior. Accordingly, in a follow-up letter to the Department, the recommendation was made that the Department place less emphasis on the program. In a June response, the Department stated that its "A-76 review schedule is not as rigorous or ambitious as it once was."

In conjunction with the GAO's work on A-76, GAO also developed a "briefing paper" describing certain contract administration problems. In response to concerns that the Department is providing inadequate training for and monitoring of key contract administration officials, the Department promised to publish a "Departmental Guide for Contracting Officer's Representatives," during the summer. The promised publication date slipped to November, and the document has still not been published.

13. "The Department of the Interior's Office of Surface Mining Should More Fully Recover or Eliminate Its Costs of Regulating Coal Mining," RCED-85-33, May 28, 1985.

a. Summary of subcommittee action.—In this report GAO found that if the Office of Surface Mining and States fully recover their regulatory costs under the Surface Mining Act, OSM could save over $50 million a year.

The report has been used by the subcommittee in conjunction with its ongoing review of the surface mining program administered by the Department of the Interior.

14. "Surface Coal Mining Operations in Two Oklahoma Counties Raise Questions About Prime Farmland Reclamation and Bond Adequacy," RCED-85-147, August 8, 1985.

a. Summary of subcommittee action.—This report is part of a broader study being conducted by the General Accounting Office regarding problems related to bonding requirements designed to ensure that land that is strip mined for coal can be reclaimed. In Oklahoma, GAO found problems in the administration of the prime farmland provisions of the Surface Mining Act. In addition, the GAO found that no reclamation has occurred on numerous sites abandoned after the Surface Mining Control and Reclamation Act was enacted.

The report was provided to the Office of Surface Mining, with the request that the Department submit within 90 days, a report regarding action taken in response to the GAO study.

The response failed to adequately address problems identified in the report. The inability of the Office of Surface Mining and the State regulatory agency to respond to some of the concerns identified in the report was brought into sharp focus by the recent dissolution of a surety company holding bonds for coal mine operators throughout the United States. As a result, some operators are having their coal operations shut down.

COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE

During the first session of the 99th Congress a total of 15 General Accounting Office reports to Congress were referred to the subcommittee.

EMPLOYMENT AND HOUSING SUBCOMMITTEE

The Employment and Housing Subcommittee received 7 General Accounting Office (GAO) reports addressed to the Congress during the first session of the 99th Congress and 42 other reports. The following reports were specifically related to ongoing subcommittee investigations and hearings:

"Adjudication of Black Lung Claims by Labor's Office of Administrative Law Judges and Benefits Review Board," GAO/HRD-85-19; October 25, 1984.

"Public Housing Vacancies and the Related Impact of HUD's Proposal to Reduce Operating Subsidies," GAO/RCGD-85-93; March 29, 1985.

"Whistleblower Complainants Rarely Qualify for Office of the Special Counsel Protection," GAO/GGD-85-53; May 10, 1985.

"Department of Labor Activities Regarding the Phase-Out of the Job Corps Program and the Use of FY 1984 Supplemental Funds," GAO/HRD-85-68; May 17, 1985.

"Fiscal Management of the Combined Federal Campaign," GAO/GGD-85-68; May 17, 1985.

In addition, GAO is presently engaged in two investigations at the request of the subcommittee. One involves GAO's continued monitoring of the Department of Housing and Urban Development's multifamily housing repair procedures. The other relates to the reasonableness of the 4-percent commission rate currently paid the central nonprofit agencies under the Javits-Wagner-O'Day Act.

B. OTHER REPORTS AND STATEMENTS

GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

EXPLANATORY STATEMENTS—NEGOTIATED DISPOSALS OF SURPLUS PROPERTY

During the first session of the 99th Congress, a total of 32 explanatory statements of proposed negotiated disposals (including exchanges or leases) of Government surplus property were referred to the subcommittee after submission to the full committee pursuant to section 203(e)(6) of the Federal Property and Administrative Services Act of 1949.

Since 1967, there have been over 660 negotiated sales of surplus property to public bodies and private entities, which generated over $500 million in proceeds. According to GSA-compiled data, since 1967, all sales of surplus property have totaled 4,374 with an aggregate yield of $1,216,000,000.

By House precedent, the Committee on Government Operations or its predecessor committee has exercised legislative and oversight jurisdiction over property management and surplus property disposal for over 40 years. While the committee and subcommittee take seriously their responsibilities to provide advance review to determine compliance with statutory and regulatory provisions, neither has veto power over proposed disposals. After careful review of explanatory statements, the committee and/or the subcommittee frequently offer comments and recommendations. Some proposed negotiated disposals involving significant comment are outlined below.

1. Federal Building, Cuero, Texas.

a. Summary.—GSA proposed to sell the building to the city of Cuero for $65,000. Despite the small amount involved, significant questions of value, negotiating procedure, and GSA responsibility toward displaced Federal agencies were encountered. The subcommittee raised these in letters to GSA dated June 5, 1984, and December 13, 1984, the latter containing adverse comment. GSA responded on August 9, 1985, that it noted the procedural shortcomings prompting the subcommittee's comment and was withdrawing the explanatory statement. It added that a new appraisal would be made and the property would be sold after public advertising. GSA assured that, in line with a subcommittee suggestion, GSA will fully address the U.S. Department of Agriculture's space needs before making any disposal of this property, in which USDA offices were housed.

b. Benefits.—As a result of this case, and the proposed negotiated sale of the Federal Building at McDonough, Georgia, in 1984, GSA has been made cognizant of its responsibility to assure that reasonable relocation opportunities exist before Federal agencies are displaced from federally owned space that is to be excessed and then disposed of. This is particularly important in smaller cities where the agency to be displaced has limited options for acquiring other suitable space.

2. Portions of the Naval Air Station Housing, Truman Annex, and Fuel Island, Key West, Florida.

a. Summary.—The property consists of Naval parcels covering 99 acres and containing 125 buildings. Of historic significance among these is the Harry S. Truman "Little White House" and the Old Custom House. Also included in the proposed sale was a 4.6-acre Coast Guard property containing a historically significant headquarters building. The proposal was to sell the property to the Key West Redevelopment Agency for $13.8 million. The subcommittee review resulted in questions being raised about how the historic significance of, as well as the public access to, certain structures would be preserved and maintained. See letter of September 20, 1985.

As a result, GSA, the city of Key West, the Redevelopment Agency, the Florida Historic Preservation Office, and the Advisory Council on Historic Preservation entered into a memorandum of understanding. It represents agreement that the critical preservation requirements will be incorporated into the conveyance instrument, to run with the land. In addition, the proposal involves a donation of the historic properties to the city and their operation by the Historical Society, which is a nonprofit activity.

b. Benefits.—The broad cooperative approach to historic preservation and public access represented by the arrangements worked out here will serve as a model for future disposal transactions involving properties of historic and architectural significance.

3. Wherry Housing Area, Rickenbacker Air National Guard Base, Ohio.

a. Summary.—The property, consisting of a total of nearly 63 acres and 99 buildings, was proposed to be sold for $1,700,000 to the Rickenbacker Port Authority, which plans to use it for airport development. Subcommittee review required further details about the coordination between GSA and the FAA as recommended in this committee's House Report 95–1053, entitled "FAA Determination of 'No Hazard' for Structures Near Airports," one of whose recommendations was that in affected surplus property transactions the Government's conveyance should contain a provision that any construction or alteration on the property is prohibited unless a determination of no hazard to air navigation is issued by the FAA in accordance with 14 C.F.R. Part 77.

The subcommittee was advised informally that the language proposed to be used in this case was tailored to a special situation of close proximity to the airport and that it contained at least all the legal, procedural, and technical protections which the GSA's "no hazard" clause normally incorporates.

The subcommittee suggested, however, that GSA develop some standarized "no hazard" clause provisions for use in disposing of properties located within 6 nautical miles of an airport.

b. Benefits.—Adoption of standarized language for use in these "no hazard" clauses will facilitate both GSA's negotiating efforts and the subcommittee's review of the proposals.

4. Portion, Fort Belvoir Military Reservation, Fairfax County, Virginia.

a. Summary.—The property consists of 107.2 acres of unimproved land along the frontages of U.S. Route 1 and Telegraph Road. It was proposed to sell the property for $3,093,750 to Fairfax County, which planned to sell the property immediately and for the same sum to the Army Retirement Residence Foundation—Potomac. Subcommittee review disclosed that the foundation was planning to put the property to use as a "lifecare retirement community" for retired regular Army officers and their spouses. Development and operation would be through an arrangement with the Marriott Corporation.

A number of significant issues were raised by the case. First, this was a so-called "pass-through" sale. The county was merely serving as a channel or intermediary through which the foundation was actually purchasing the property, and no county funds would be involved. Under the law, however, the foundation, not being a public agency, was ineligible to acquire surplus property directly from GSA by negotiated purchase. Second, the "pass-through" sale aspect was aggravated by the fact that the foundation participated in a key negotiation session with GSA and the county. In that session, the foundation appears to have influenced the ultimately agreed-on price. Third, GSA's policy is to negotiate the sale of surplus property to public agencies that will use the property for a public purpose. In this case, the foundation was receiving the property and providing benefits not for members of the general public but to a member of a select and narrow group. Fourth, GSA is required to obtain the estimated fair market value and also to negotiate vigorously to obtain the highest price. The record suggests that the estimated fair market value is greater than the proposed price. Fifth, through what may have been its inadvertance, GSA disclosed its official appraisal figures to the foundation, thus prejudicing further negotiations to obtain a higher price.

Courts have affirmed that such information is properly withholdable from disclosure under the Freedom of Information Act. GSA's firm policy has always been to maintain the confidentiality of this information.

In view of these complications, the subcommittee in a letter dated December 11, 1985, strongly criticized the proposal as presented, recommending that new negotiations with the county be undertaken on the basis of a fresh appraisal and that in any such negotiations the county be required to obtain assurance from the foundation that a significant proportion of interested members of the general public should have an opportunity to become residents at the lifecare facility.

On December 20, 1985, GSA responded to the subcommittee's letter containing its findings and recommendations by advising that it was withdrawing the explanatory statement and planning to sell this property to the highest bidder at public auction.

b. Benefits.—GSA has informed the subcommittee that it is reviewing its policy concerning "pass-through" sales with a view to limiting such sales. In addition, GSA's decision to withdraw the explanatory statement in this case, where it had disclosed confidential price information to an interested party, emphasizes its concern that the integrity of its disposal policies and systems must be protected and maintained.

Government Information, Justice, and Agriculture Subcommittee

The subcommittee regularly receives executive communications submitting agency annual reports on the Freedom of Information Act and the Sunshine Act, which are reviewed for compliance.

Executive communications that relate to changes in systems of records under the Privacy Act are also continuously monitored. See discussion at II.B.2.

Environment, Energy, and Natural Resources Subcommittee

1. "Review of Selected Indian Oil and Gas Royalty Payment Issues," Office of Inspector General, Department of the Interior, November 8, 1985 (C-IA-BIA-52-85).

a. Summary of subcommittee action.—As a result of the subcommittee's April 8, 1985, hearing on this subject, the Department of the Interior's Office of Inspector General (IG) was asked to follow up on selected Indian oil and gas royalty payment problems.

In response to the subcommittee request, the IG spot-checked actions taken by the Bureau of Indian Affairs (BIA) to implement recommendations contained in a March 1985 IG audit report. The IG also analyzed accounts that representatives of the Oklahoma Indian Minerals Owners Association referred to as a "$28 million slush fund" at the Anadarko, Oklahoma, BIA area office.

In a November 8, 1985, report to the subcommittee, the IG noted that its review had identified six recommendations that had not been implemented by BIA. The IG subsequently asked BIA for an action plan with target dates and names of officials responsible for implementing the recommendations.

Regarding the "slush fund," the IG reported that its review of accounting transactions did not disclose any evidence of a $28 million slush fund within the Anadarko area. However, the IG reported that it was unable to locate special deposit account ledger cards and supporting documentation for portions of the audit period. In a separate letter to BIA, the IG asked that BIA make available all of the Anadarko area office's special deposit account ledger cards and documentation supporting deposits to and disbursements or transfers from special deposit accounts for the period August 1984 through the present.

The subcommittee, in a November 21, 1985, letter to the Secretary of the Interior also raised a number of questions about the missing BIA records, and asked for a separate response to the subcommittee.

b. Benefits.—Improved relations between Indians and the BIA will likely result from BIA actions to implement the IG's recommendations. Also, the attention given to the missing records at Anadarko, should result in better recordkeeping and improved accounting procedures.

IV. Prior Activities of Current or Continuing Interest

LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

1. Resolution of Auditors' Findings.

a. Summary.—The subcommittee's interest in this issue is the result of several previous investigations and reports, including (1) "Failure of Government Departments and Agencies to Follow Up and Resolve Audit Findings," House Report No. 96-279, June 18, 1979; (2) "Continued Failure of Departments and Agencies to Take Effective Action on Audit Findings," House Report No. 97-279, October 20, 1981; (3) "Failure of Federal Departments and Agencies to Collect Audit-Related Debts," House Report 97-727, August 12, 1982; and (4) "Questionable Decisions by Program Managers Undermine the Federal Government's Audit Process," House Report 98-1106, September 28, 1984.

One of the serious weaknesses in Federal audit resolution systems identified by these reports is the inadequacy of the Office of Management and Budget's definition of "audit resolution." Under the definition in OMB's Circular A-50, audit findings and recommendations are considered "resolved" when agency managers reach a final determination on the corrective actions to be taken on such findings and recommendations.

The committee, however, has consistently taken the position that audit findings and recommendations should not be considered resolved until necessary corrective actions have actually been completed. The audit resolution standard, issued by the Comptroller General, is consistent with the committee's position.

Due to OMB's unwillingness to adopt the Comptroller General's standard, legislation has been introduced to assure that all Federal departments and agencies use the same definition of audit resolution previously recommended by the committee. These provisions are included in H.R. 3077, the "Inspector General Act Amendments of 1985," introduced by Chairman Brooks and Congressman Horton. The bill would also establish uniform definitions of several other terms used in the audit resolution process, and establish uniform audit resolution reporting formats for use in the Inspectors' General semi-annual reports to Congress.

b. Benefits.—Adoption of the Comptroller General's audit resolution standard and the use of uniform terms and formats in Inspectors' General semi-annual reports will help assure the presentation of an accurate picture of the progress made in following up on auditors' findings and recommendations. It will also enable Congress to monitor more accurately the audit activities of Federal departments and agencies.

c. Hearings.—Hearings on H.R. 3077 may be held next year.

2. Adequacy of DOD's Control of Government Property Provided to Contractors.

a. Summary.—The subcommittee continues its investigation of the management of Government property provided to contractors. The subcommittee hearing on March 6, 1985, established that DOD has lost track of millions of dollars worth of Government property that it has turned over to defense contractors for their use in producing or repairing weapon systems. The subcommittee is currently conducting a followup study of its previous work in this area to determine the effectiveness of DOD's equipment phase-down policy, which is designed to reduce Government ownership of equipment in the hands of defense contractors. The subcommittee is accumulating the inventory value as of fiscal year 1984 of industrial plant equipment and other plant equipment at the contractors' locations.

b. Benefits.—These efforts are not yet quantifiable.

c. Hearings.—No hearings have been held on the phase-down program.

Government Activities and Transportation Subcommittee

The subcommittee has begun and will continue investigative and oversight work in the following areas within its jurisdiction:

1. General Services Administration's disposal of surplus Federal property.
2. The Federal Aviation Administration's airline passenger security measures.
3. Amtrak's labor-management problems.
4. The Interstate Commerce Commission and the Department of Transportation truck regulations.

Government Information, Justice, and Agriculture Subcommittee

1. "USDA Long-Term Grain Storage: Mismanaged Savings Plan Costs Millions Extra," Forty-fifth Report by the Committee on Government Operations, August 6, 1984, House Report 98-954, 98th Congress, 2d Session.

a. Summary.—This report detailed how mismanagement of a long-term grain storage program of the Commodity Credit Corporation had cost $25 to $30 million more than if the program had not existed.

b. Benefits.—Recommendations of the committee were included in the Food Security Act of 1985 (H.R. 2100, passed by Congress on December 18, and signed by the President on December 23, 1985; Public Law 99-198). As a result, the Commodity Credit Corporation will be required to practice responsible management in the operation of any future long-term storage program.

2. "Ignore the Law and Approve the Form: FmHA's Coordinated Financial Statement," Fifty-first Report by the Committee on Government Operations, September 28, 1984, House Report 98-1111, 98th Congress, 2d Session.

a. Summary.—This report detailed how the Farmers Home Administration had ignored administrative statutes and replaced a four-page form with a 23-page form and required its nationwide use without approval from OMB under provisions of the Paperwork Reduction Act.

b. Benefits.—Recommendations of the committee were included in the Food Security Act of 1985 (Public Law 99-198). As a result, FmHA will be prohibited from using the 23-page form.

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE

1. Oversight of the Advisory Commission on Intergovernmental Relations.

a. Summary.—During the second session of the 98th Congress, the subcommittee held formal oversight hearings of the Advisory Commission on Intergovernmental Relations (ACIR). The committee issued a hearing transcript and a report with specific recommendations for how the operations of the ACIR could be improved.

The chair of the subcommittee is one of three members of the ACIR who are appointed by the Speaker of the House. Over the course of the first session of the 99th Congress, the chair has participated in the activities of the ACIR. In addition, subcommittee staff has continued to work with the ACIR to monitor its progress in implementing some of the recommendations of the subcommittee's report.

b. Previously unreported benefits.—The continued oversight of the ACIR has assured that the recommendations resulting from the subcommittee's previous oversight investigation have been considered seriously by the ACIR and, in some instances, the recommendations have been implemented. Others, however, have not.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES SUBCOMMITTEE

1. Synthetic Fuels Corporation.

a. Summary.—In 1980 the Energy Security Act was signed into law and the U.S. Synthetics Fuels Corporation was created. Since that time the subcommittee has held eight (8) hearings to periodically review the activities and developments of the Corporation. During the course of these investigations, and numerous GAO investigations requested by the subcommittee, information was collected that raised serious questions about the means by which the Corporation was conducting business and the ends to which the Corporation was striving. During this period of time, energy prices continued to fall and synthetic fuels production costs continued to rise. The subcommittee's public investigations, in conjunction with deteriorating synfuels economics, resulted in legislative efforts to abolish the Corporation and prevent further unwarranted expenditures of public funds.

b. Previously unreported benefits.—On December 19, 1985, the Congress enacted and the President signed into law continuing appropriations for the fiscal year 1986 that included provisions requiring the immediate termination of the Synthetic Fuels Corporation. As a result, an estimated $7 billion of taxpayer's money was saved and returned to the general fund of the U.S. Treasury.

2. Review of the Department of Energy's Management of, and Policies Regarding, the Multibillion Dollar Strategic Petroleum Reserve.

a. Summary.—The subcommittee issued and sought Department of Energy comments on two General Accounting Office reports on the Strategic Petroleum Reserve. One report assessed the policy and budget impacts of several scenarios for SPR size and oil fill rates. The other assessed several scenarios for tests of SPR drawdown and/or oil sales. These reports were made available for review by Members during SPR budget and other legislative debates.

The subcommittee subsequently has asked GAO to monitor DOE's progress in carrying out congressional budget and legislative directives for SPR oil fill and development. The subcommittee also has asked GAO for quarterly status reports on the Reserve, beginning in late 1985. GAO was asked to provide, in its first quarterly report, an assessment of the Department of Energy's test sale of 1.1 million barrels of SPR oil. The SPR test was conducted in late 1985.

b. Previously unreported benefits.—Millions of Federal dollars have been invested in SPR. The GAO reviews should assure that the Department proceeds with the SPR program in the most cost-effective manner, although exact monetary savings cannot be determined.

3. Review of the Department of Energy's Emergency Preparedness Policies and the Department's Participation in the International Oil Crisis Response Test, AST-5.

a. Summary.—The subcommittee began a review of the international oil crisis response test, AST-5, in part, to follow up its past investigation of the Department of Energy's (DOE) management of a previous test, AST-4. The investigation of AST-4 had resulted in the Committee on Government Operations approving a report May 17, 1984, containing a series of recommendations, some of which were related to AST-5. The subcommittee asked GAO for assistance in conducting the review of AST-5. In September 1985 the subcommittee chairman wrote Energy Secretary John Herrington a detailed letter expressing concern about DOE's plans for U.S. participation in AST-5. The subcommittee investigation is still underway.

b. Previously unreported benefits.—DOE was to have spent more than $1 million on AST-5, according to a document provided the subcommittee. The subcommittee will examine whether U.S. participation in the test merits this expenditure.

4. Review of the Administration's Involvement in the "Second Plan of Action" To Implement the International Energy Program.

a. Summary.—In early 1985 the subcommittee began an investigation of the efforts of the Departments of Energy and Justice to help draft a "Second Plan of Action to Implement the International Energy Program" that would extend antitrust and breach of contract defenses for U.S. oil companies participating in an international oil-sharing program. Subsequent to the subcommittee's initiation of its review, the two agencies appeared to have temporarily halted their efforts to extend these defenses. The subcommittee review still is pending.

b. Previously unreported benefits.—As has been evident from past oil crises, a worldwide oil crisis could have disastrous economic consequences for the United States and its allies. The subcommittee plans to monitor this situation, and if these antitrust and breach of contract defenses are extended for U.S. oil companies, to determine whether they are necessary and what economic impacts may result.

5. Review of Whether an Existing Ban on Imports to the United States of Crude Oil from Libya Should Be Expanded To Cover Refined Oil Products from Libya as Well.

a. Summary.—One of the issues raised during an April 2, 1985, subcommittee hearing on oil product imports was whether the United States was importing petroleum products from Libya while imports of crude oil were banned because of Libya's promotion of terrorist activities. Subsequently, it was found that at least two shipments of Libyan oil products had been imported to the United States in the first 6 months of 1985. On September 3, 1985, three members of the subcommittee sent the President a letter urging him to ban imports of oil products refined in Libya to preserve the integrity of the existing ban on Libyan crude oil.

b. Previously unreported benefits.—On November 15, 1985, the President signed an Executive order banning importation of oil products refined in Libya.

COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE

1. Procedures for Preventing the Purchase of Tax-Free Eurobonds by Americans Masquerading as Foreigners.

a. Summary.—The subcommittee is continuing its examination of Treasury and IRS proposals and procedures designed to assure that repeal of withholding tax on portfolio income to foreigners cannot be utilized by U.S. tax evaders.

The Tax Reform Act of 1984 repealed withholding on U.S. Treasury and agency debt as well as private corporate debt sold to foreign persons.

b. Benefits.—The subcommittee's efforts resulted in the adoption of Treasury and IRS procedures that should minimize the likelihood of the purchase of tax-free Eurobonds by U.S. persons masquerading as foreigners. The subcommittee intends to follow up on the effectiveness of these procedures.

2. Treasury's Implementation of Section 342 of Subtitle F of the Tax Equity and Fiscal Responsibility Act of 1982 to Prohibit the Improper Use of Foreign Addresses to Evade U.S. Taxes.

a. Summary.—Section 342 of TEFRA was enacted to require the Treasury Department, within 2 years, to prescribe new procedures that will prevent Americans from claiming tax benefits intended only for legitimate residents of tax treaty foreign countries. Enactment of section 342 was a direct result of subcommittee hearings in June 1982, which found substantial use of "false" foreign addresses in tax treaty countries by U.S. persons and third-country nationals to escape taxation on U.S. source income. Although the 2-year limit expired in September 1984, Treasury has still not implemented new procedures. Hearings will be held to determine the reasons for the delay.

b. Benefits.—In the fall of 1984, IRS issued proposed regulations implementing section 342 of TEFRA. The proposed regs, when implemented, will be a significant improvement over the "address system" for halting the use of foreign addresses by Americans and foreign treaty shoppers to evade the 30-percent tax on U.S. source income paid abroad.

3. Securities Investor Protection Corporation (SIPC) Handling of Recent Brokerage Firm Failures.

a. Summary.—The SIPC, a quasi-private insurance corporation for customer accounts at brokerage firms, which operates under Federal legislation and under the general oversight of the Securities and Exchange Commission, is responsible for administering and overseeing the liquidation of securities brokers that fail. In recent years complaints have been widespread that SIPC's liquidation procedures take too long and impose unnecessary financial hardships on customers of the failed brokerage firms.

The subcommittee has closely monitored SIPC's handling of the liquidation of Bevill, Bresler & Schulman, which failed in April 1985, in order to consider whether SIPC has been performing its customer protection functions in a timely and appropriate manner in this case. Although significant delays of several weeks have been experienced by BB&S customers in obtaining access to their securities or funds on deposit in BB&S when it failed, the subcommittee did not find any failure by SIPC to administer its responsibilities adequately, given the inherent limitations of its statutory structure.

b. Benefits.—Benefits cannot be determined at this time.

EMPLOYMENT AND HOUSING SUBCOMMITTEE

1. Occupational Illness Data Collection.

a. Summary.—During the second session of the 98th Congress, the committee issued a report on occupational disease data collection ("Occupational Illness Data Collection: Fragmented, Unreliable, and Seventy Years Behind Communicable Disease Surveillance," House Report No. 98-1144, October 5, 1984, Sixtieth Report by the Committee on Government Operations). That report found that a crisis exists in the information systems on occupational disease, and that because there is no reliable data, it cannot be meaningfully determined if diseases from chronic exposures to hazardous substances represent a greater problem today than when the OSH Act was passed in 1970. Such lack of reliable accurate data greatly hampers any broad-based evaluation of the OSHA program. The report recommends a comprehensive program of surveillance of occupational disease.

b. Previously unreported benefits.—In response to this report, the Bureau of Labor Statistics (BLS) contracted with the National Academy of Sciences to appoint an expert panel to evaluate the present system for gathering information on occupational injuries and illnesses. The panel is composed of 12 national experts. It held its first meeting on December 6–7, 1985, and is expected to complete its work in 18 months.

The BLS is also conducting its own on-site studies of employer recordkeeping practices, and soliciting recommendations from other agencies and organizations on ways to improve the reporting of occupational disease.

As recommended by the report, BLS officials have conferred with officials of the National Institute of Occupational Safety and Health (NIOSH) on methods of improving their coordination concerning occupational illness data.

V. Projected Program for the 99th Congress, 2d Session

LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

A. EXECUTIVE REORGANIZATIONS

The subcommittee will consider such executive reorganization proposals as may be referred.

B. LEGISLATION

The subcommittee will consider such bills and resolutions as may be referred.

C. INVESTIGATIONS

The subcommittee will pursue its oversight of the Defense Department, the State Department, the Agency for International Development, the Office of Management and Budget, the General Accounting Office, and other agencies over which it has jurisdiction. It will continue the investigations noted elsewhere in this report and give special attention to the following:

1. Operations of the Federal Emergency Management Agency.
2. Audit and investigative capabilities of Federal agencies not subject to Inspector General legislation.
3. Audit, inspection, and investigative functions of the Department of Defense.
4. The security of U.S. personnel, property, and information in the United States and abroad.
5. State Department's implementation of its Financial Management System.
6. Travel policies of foreign affairs agencies.
7. Implementation of the Single Audit Act.
8. Implementation of the Prompt Payment Act.
9. Implementation of the Federal Managers' Financial Integrity Act.
10. Expenditures from DOD's unvouchered account.
11. DOD's cash management practices.
12. Implementation of the Debt Collection Act.
13. DOD's management of Foreign Military Sales.
14. Air Force electronic countermeasures for monopulse threats.
15. Defense Contract Audit Agency's initiatives to improve contract audits.
16. Defective pricing reviews of DOD contracts.
17. General management review of the Defense Logistics Agency.

18. Status of DOD's Government-furnished property phasedown policy.

19. Survey of DOD's noncompetitive purchases under $100,000.

20. Pricing of spare parts by DOD installations.

21. Joint Tactical Command, Control, and Communication Agency's ability to ensure interoperability.

22. Coordination between Inspectors General of foreign service agencies.

23. Operation and management of U.S. embassies' morale, welfare, and recreation association.

24. Operation and management of State Department's Foreign Buildings Office.

25. Quality of audits of Federal grants and contracts.

GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

1. Review of Department of Transportation's Motor Carrier Safety Assistance Program (MCSAP).

2. Review of Coast Guard contracting procedures for hazardous materials spills.

3. Evaluation of the Department of Transportation's Material Transportation Bureau.

4. Review of the Federal Aviation Administration's maintenance inspection program.

5. Evaluation of the Federal Aviation Administration's air traffic control system.

6. Review of the National Aeronautics and Space Administration's contract procedures.

7. Evaluation of Amtrak's rail passenger service curtailments.

GOVERNMENT INFORMATION, JUSTICE, AND AGRICULTURE SUBCOMMITTEE

1. Oversight of Farmers Home Administration;

2. Oversight of Farm Credit Administration;

3. Oversight of Foreign Agriculture Service;

4. Oversight of Federal Grain Inspection Service;

5. Work on legislation to amend the Freedom of Information Act;

6. Oversight of the Privacy Act and of new Privacy Act system of records notices;

7. Review of U.S. Government coordination of international communications and information policy;

8. Review of technological security measures, including TEMPEST and proposals to increase the use of secure telephones by government agencies and defense contractors;

9. Review of agency plans to implement new systems for the electronic collection and dissemination of agency information;

10. Review of the effectiveness of the Drug Enforcement Policy Board (DEPB), headed by the Attorney General;

11. Oversight of the establishment of a new Air Force wing designed to assist the Federal law enforcement agencies in drug detection efforts;

12. Continued review of the Vice President's role in drug interdiction as head of National Narcotics Border Interdiction System (NNBIS);

13. Evaluation of the role of the U.S. Coast Guard in drug interdiction efforts;

14. Oversight of the Department of Justice;

15. Expanded oversight of the management and resource issues of government communications and information to include domestic activity;

16. Examination of Rural Electrification Administration policies and procedures impacting rural telephone programs;

17. Oversight of the Postal Service including ZIP codes, centralized mail delivery, INTELPOST, and review of Governmentwide postal operations;

18. Investigation of agencies' efforts to avoid the requirements of the Federal Advisory Committee Act and the Sunshine Act; and

19. Monitoring of implementation of Public Law 98-497, which reestablished the independence of the National Archives and Records Administration.

Intergovernmental Relations and Human Resources Subcommittee

A. Reauthorization of the general revenue sharing program.

B. Continued oversight of the Advisory Commission on Intergovernmental Relations.

C. Report on Federal and State roles in economic development.

D. Release of requested CRS report on the impact of changes in Federal policy on the State and local sector.

E. Taxation of interstate mail order sales.

F. Investigation of Medicaid Fraud Control Units to include a review of Medicaid patients' treatment in institutions for the developmentally disabled.

G. Investigation continues, GAO report, and hearing on the National Center on Child Abuse and Neglect, focusing on the grant review process.

H. Review of Medicaid patients' access to health care, especially obstetrical care.

I. Review of HCFA research efforts.

J. Follow-up investigation and hearing on PAVAC, and/or the Women's Educational Equity Act.

K. Continued monitoring of the Prospective Payment System for Medicare, and any developments related to Medicaid.

L. OTA study of Federal role in infertility research; possible hearing.

M. Survey of employment related illness.

N. Quality of health care at Veterans' Administration.

O. FDA's regulation of drugs and the safety of the Nation's food supply.

P. Release of requested CRS report on the policies of Federal regulatory agencies in identifying and regulating chemical carcinogens.

Q. Continued oversight of the Federal response to the AIDS epidemic.

R. Review by staff and GAO into the Federal response to poverty, specifically focusing on the working poor and the elderly.

ENVIRONMENT, ENERGY, AND NATURAL RESOURCES SUBCOMMITTEE

During the second session of the 99th Congress the subcommittee will continue to review selected programs and activities within its jurisdiction. It is anticipated that particular attention will be given to the following areas:

1. Continue to assess progress towards the development of an effective national groundwater protection program.
2. Continue investigation of the identification, removal and disposal of hazardous and toxic wastes from Federal installations, including inactive and formerly owned sites.
3. Continue evaluation of the quantity and quality of information being provided to Congress by the Corps of Engineers and the Bureau of Reclamation with regard to water resources projects.
4. Continue inquiry into issuance of section 404 Clean Water Act permits by U.S. Army Corps of Engineers.
5. Review implementation of hazardous waste disposal laws by the Environmental Protection Agency.
6. Continue review of the Department of Energy's oil emergency preparedness policies.
7. Review of the Department of Energy's defense related activities.
8. Review of selected Corps of Engineers and Bureau of Reclamation projects.
9. Review of selected TVA and REA projects.
10. Continue review of the Department of the Interior's performance in collecting Abandoned Mine Land Fund fees under the Surface Mining Control and Reclamation Act.
11. Continue review of the administration of Federal grazing programs by the Bureau of Land Management and the Forest Service.
12. Continue review of bonding problems under the Surface Mining and Reclamation Act.
13. Continue review of problems relating to Indian oil and gas royalty payments.
14. Continue review of problems in administration of the Surface Mining and Reclamation Act by the Office of Surface Mining.

COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE

The subcommittee's projected program for the second session of the 99th Congress is as follows:

1. Reports will be completed very early in the second session on the Federal response to the collapse of ESM and BB&S Government securities and on the issue of brokered deposits. The subcommittee also anticipates reports on the Federal regulation of financial services and the Consumer Product Safety Commission's response to the hazards of ATV's.
2. A number of hearings are scheduled into IRS tax administration issues focusing on the Service's response to tax evasion

and its document matching efforts. Additionally, followup hearings are likely on Treasury's and IRS's activities to assure that Americans are not escaping taxes on U.S. source income by utilizing false foreign addresses or otherwise posing as foreigners. The subcommittee is also likely to hold oversight hearings into the effectiveness of Treasury procedures to prevent Americans from purchasing tax-free Eurobonds. Finally, GAO is examining, at the subcommittee's request, the failure of resident aliens in the United States to pay taxes to the U.S. Treasury.

3. The subcommittee will continue its investigation of the issue of false and fraudulent appraisals and their impact on the real estate loans of federally insured financial institutions.

4. The subcommittee will continue its examination of the Commerce Department's export promotion activities through the Foreign Commercial Service and its domestic counterpart, the U.S. Commercial Service.

5. The subcommittee has initiated an inquiry, with the assistance of GAO, into how the Federal banking agencies review the performance of the outside auditors of failed financial institutions.

6. The subcommittee intends to examine in public hearings the operation and effectiveness of the Export Trading Company Act.

EMPLOYMENT AND HOUSING SUBCOMMITTEE

The subcommittee plans to continue or to commence oversight investigations in the following areas during the second session of the 99th Congress.

1. Continue investigation of HUD's multifamily property repair and maintenance policies.
2. Continue investigation of HUD's homeownership demonstration program.
3. Examine gentrification—the Government's role in displacing low-income persons.
4. Examine OPM's proposed new regulations to govern the Combined Federal Campaign.
5. Examine OPM's proposed restructuring of its regional offices.
6. Investigate efforts to oust Loretta Cornelius as Deputy Director of OPM.
7. Investigate delays and the case backlog at the Federal Labor Relations Authority.
8. Investigate the feasibility of expanding traditional public health surveys and medical examination surveys to encompass occupational disease information.
9. Continue investigation of the Job Training Partnership Act.
10. Examine the understating of unemployment.
11. Continue investigation of delays and other problems in the EEO complaint processing system for Federal employees.
12. Continue investigation of EEOC's handling of sex-based wage discrimination cases.

13. Continue investigation of delays and the case backlog at the National Labor Relations Board.
14. Examine occupational health hazards of special concern to women workers.
15. Examine the existing interrelationship between injury and illness compensation claims filed by Federal employees and OSHA inspections at the Federal worksites where these injuries and illnesses arose.
16. Monitoring of the adequacy of implementation of administrative improvements under the Javits-Wagner-O'Day Act.
17. Examine the problems associated with youth employment and training.

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